

Designing Effective EPR Schemes

What global schemes show about whether, where, and how EPR could support Australia's packaging policy.

July 2026

About Baringa

Baringa is a global management consultancy dedicated to creating intelligent and lasting impact for governments, industries, finance, and society. Our 2,000+ experts operate globally with offices across Europe, North America, Asia, and Australia. We focus on designing and delivering meaningful change, and work across numerous sectors including Agriculture, Consumer Retail, Energy & Resources, Finance, Government, Industry, Pharma, Private Equity, and Technology, Media & Telecoms.

Our accolades include recurring recognition as 'Climate Risk Advisory Firm of the Year' by Energy Risk Asia, one of the 'World's Best Management Firms' by Forbes, and 'Leading Management Consultants' by the Financial Times.

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About the Australian Retail Council (ARC)

ARC is a membership body dedicated to supporting the Australian retail sector. With deep industry knowledge and expertise, we work to advance the interests of our members, lead impactful advocacy and deliver initiatives that strengthen Australian retail.

We work closely with partners who share our commitment to advancing Australian retail. Together, we deliver impactful events, insightful research and valuable resources that support retailers to innovate and grow. These collaborations strengthen the industry and help us create lasting positive change for businesses and customers.

<https://www.retail.org.au/>

About this Report

This independent report was developed by Baringa in collaboration with ARC, drawing on feedback from retailers and value-chain operators across Australia. This report asks: **What role, if any, should Extended Producer Responsibility play in Australia's packaging policy and, where producer responsibility is justified, how could it be designed to improve circularity without disproportionate cost, complexity, whole-of-life impacts, or competitiveness effects?**

The report does not presume that EPR is the preferred policy response. It identifies where EPR may add value, where other instruments may be more effective, what foundations can be developed now, and the tests that any future scheme should pass.

It was authored by Shuayb Ismail (Baringa), Georgi Mintchev (Baringa), and Daniel Castillo Jimenez (Baringa).

We are grateful for the insights shared from members of the Australian Retail Council, including representatives from major grocery, department store, general merchandise, home improvement and specialty retailers. Stakeholders engaged through this research did not hold a single view on whether packaging EPR should be adopted or how broadly it should apply. There was stronger agreement that reform should be national, rigorous, evidence-based, and methodically sequenced; that EPR is one instrument among several; and that any future obligations should be proportionate, competitively neutral, and linked to measurable additional outcomes.

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Key Insights

- 1. EPR schemes, which take a range of forms, are now mainstream policy tools** used globally to improve collection, recycling, and broader circularity policies.
- 2. However, EPR schemes are not a magic bullet.** Global evidence suggests that EPR schemes can improve waste outcomes, but impacts can be partial and conditional.
- 3. Recycling rates in mature EPR markets typically reach c.67%,** compared with 54–65% in illustrative countries without such national schemes¹; however, average gains fall from 17% in years 1–5 after introduction to just 3–4% in years 10–15.
- 4. Scheme outcomes are driven by design, governance, and the wider policy environment.** Ring-fenced, transparent proceeds are a key differentiator of stronger-performing schemes. Conversely, poorly calibrated or opaquely reinvested fees may distort incentives, penalise SMEs, raise costs, and lock in business-as-usual.
- 5. For Australia, the question is whether EPR offers greater net benefits than the status quo or targeted instruments;** only then should scheme design proceed. This matters in an SME-heavy, import-exposed, and geographically dispersed market under cost-of-living pressure. **Of 84 businesses surveyed, at least 48% expected some costs to reach consumers**². International experience suggests ways to limit, rather than eliminate, pass-through (e.g. shadow-tested fees, staged obligations, and investing proceeds to reduce system costs). These measures should be tested in Australia before fees commence.
- 6. If introduced, Australian EPR should pursue four objectives:** 1) increase resource productivity; 2) increase recycled-material uptake; 3) improve recycling quality and recovery; and 4) reduce friction through coherent national rules, data, and standards. It should extend beyond waste reduction and cost recovery.
- 7. Eco-modulation could link producer costs to packaging outcomes only if aligned with Australian capability.** Australia should test measurable attributes through shadow fees using product and retailer data, with safeguards for lifecycle impacts, functionality, affordability, and SME burden.
- 8. Any scheme must combine full-market coverage with influence over outcomes.** Comparable products should face equal obligations regardless of seller domicile or sales channel, while design distinguishes parties that can be registered and invoiced from those controlling packaging, recycled content, labelling, or materials.
- 9. EPR must complement, not replace, wider circularity policy.** Producer fees alone cannot overcome weak recycled-material demand, limited reprocessing capacity, unclear design standards, or consumer behaviour; Australia will also need recycled-content rules, infrastructure investment, labelling, standards, and targeted restrictions.
- 10. Taken together, the evidence supports stage-gated action.** Australia should first establish national definitions, data and full-market coverage arrangements; assess readiness, lifecycle and affordability impacts; and shadow-test eco-modulation. Fees should commence only where EPR delivers measurable outcomes at proportionate cost.

¹ Baringa analysis of packaging-waste recycling data for 19 European EPR markets, aligned to scheme introduction years (Eurostat, 2026). For indicative pre-EPR benchmarks, the US EPA reported a 53.9% recycling rate for containers and packaging in municipal solid waste in 2018, while the EEA reported a 64.9% total-packaging recycling rate in Denmark in 2022, before general packaging EPR. Definitions differ, so these are illustrative benchmarks rather than a matched causal counterfactual. See US EPA (2020) and EEA (2025).

² “Australian Packaging Value Chain Survey”, Baringa (2026); respondents were asked to answer “If EPR fees increased your packaging-related costs, how would your organisation most likely respond? Select up to 3.” N=84. See Appendix C for more information on the survey.

Australia EPR Decision & Design Framework

Decision Question	Recommended Approach	Key Trade-Off	Affordability & Market Impact
1. Is EPR the right instrument?	Define the market failure and compare alternatives; proceed only where EPR offers net benefit and, if selected, target resource productivity, recycled-material uptake, recovery quality, and national coherence.	Broad EPR risks costs without outcomes; targeted tools may miss system barriers.	Affordability and distributional impacts must be tested before design.
2. Who should be covered and liable?	If EPR is selected and to avoid regulatory evasion, ensure a mandatory scheme to address free-riding and cover comparable packaging regardless of seller domicile; assign liability to one enforceable party that has influence to impact packaging outcomes.	A single liable party improves enforcement; shared duties reflect influence but require clear boundaries.	Coverage gaps shift costs to compliant businesses and consumers.
3. How should fees be designed?	Shadow-test limited eco-modulation attributes producers can influence, using real data and actual Australian system capability; charge only after whole-of-life, functionality, affordability, and readiness tests (with simplification for SMEs).	Simple fees weaken incentives; complex fees add burden and may reward theoretical recyclability.	Monitor prices, margins, availability, and SME impacts before charging.
4. Where should proceeds go?	Ring-fence proceeds for verified system innovation and improvements in collection, sorting, reprocessing, end-markets, data, traceability, and redesign.	Cost recovery may be necessary, but should not fund business as usual without measurable improvement.	If consumers pay indirectly, they should see what the money delivers.
5. How should obligations be staged and reviewed?	Build national definitions, data, coverage, infrastructure mapping, and shadow fees first; begin mandatory reporting or charges only after published net-benefit, whole-of-life, affordability, competitive-neutrality, and readiness tests are passed.	Moving early risks cost without outcomes; prolonged uncertainty can deter investment.	Published gates limit shocks and allow ineffective obligations to be paused.
6. What else will support circularity?	Use EPR only where it is the right lead tool; otherwise use standards, recycled-content rules, procurement, DRS/CDS, restrictions, or infrastructure investment.	EPR cannot alone resolve weak demand, infrastructure gaps, product constraints, or consumer behaviour.	Targeted tools avoid unnecessary EPR costs.

A black and white photograph of a woman with dark hair, smiling and looking at her smartphone. She is wearing a white button-down shirt and has a white tote bag slung over her shoulder. She is standing in a grocery store aisle, with shelves of products visible in the background. The lighting is soft and even.

EPR is mainstream, but its outcomes are not automatic.
Australia's opportunity is to determine whether
and where producer responsibility can improve
circularity without simply adding cost.

This report examines the global evidence and its
implications for Australian packaging policy.

1 Introduction

Extended Producer Responsibility (EPR) schemes have become a mainstream policy tool. While they can offer stronger recycling impacts, global evidence also shows mixed results in some markets with limited systems transformation beyond early gains. This report examines how EPR schemes are designed, what global case studies reveal, and what this means for Australia.

1.1 EPR Schemes & Relative Successes

Since the 1990s, EPR has evolved from a niche circularity concept into a widely used policy instrument across packaging, electronics, batteries, tyres, textiles, and other product categories. OECD analysis indicates that the number of EPR schemes worldwide increased from around 30 in 1990 to more than 400 by the early 2020s, equivalent to roughly c.8% compound growth³.

This expansion reflects growing policy interest in shifting at least part of the cost and responsibility for end-of-life product management away from municipalities and taxpayers and towards the producers that place products on the market.

The global spread of EPR schemes, however, should not be taken to mean that schemes consistently deliver all of the outcomes policymakers seek. While EPR has often improved collection and recycling relative to systems with no producer responsibility at all, evidence from mature systems suggests that progress can slow after early gains and may not, on its own, drive wider transformation in product design, waste prevention, domestic reprocessing capacity, or circular end-markets.

As such, EPR is best understood not as a single model with predictable results, but as a circularity policy whose performance depends heavily on design choices, enforcement credibility, infrastructure readiness, and broader conditions.

Figure 1. How do we define circularity?

Circularity is about maximising resource productivity. In economic terms, this means generating greater value from each tonne of material used by reducing avoidable material inputs, keeping products and materials in productive use for longer, and recovering material for valuable applications at end of life to recycle back into the value chain.

The Australian government has defined its circular economy ambition as focused on ensuring “products are designed to be reused, repaired, and recycled, minimising waste and maximising resource efficiency.”⁴

It has set three targets:

1. **Shrink** per capita material footprint by 10%
2. **Lift** material productivity by 30%
3. **Recover** safely 80% of resources



EPR schemes are seen as a key policy tool for delivering circularity outcomes. However designed, an Australian EPR scheme should be assessed against these targets, not only against collection or diversion rates.

³ “Working Party on Resource Productivity and Waste: Modulated fees for extended producer responsibility schemes (EPR)”, OECD (2021).

⁴ “Australia’s Circular Economy Framework: Doubling our circularity rate”, DCCEEW (2024).

Figure 2. What is an EPR Scheme?

Extended Producer Responsibility (EPR) is a policy approach in which producers are made responsible for the end-of-life impacts of the products they place on the market. Depending on the scheme, “producer” may mean the manufacturer, brand owner, importer, first placer on the market, online marketplace, or retailer.

EPR typically aims to shift part of the burden for collection, sorting, recycling, and disposal of key product waste streams away from local government towards producers, importers, and, in some cases, retailers. The underlying principle is that those introducing products to market should help manage the waste and environmental impacts they create.

Governments typically use EPR schemes to advance four broad objectives:

- **Circular:** increase reuse, recycling, and incentives for better product design
- **Environmental:** reduce pollution, landfill, and unsafe disposal
- **Fairness:** apply the polluter-pays principle more consistently
- **Economic:** support investment, innovation, and jobs in collection, recycling, and reprocessing

EPR schemes vary widely in design. See Appendix B for examples. Amongst others, they can be mandatory or voluntary, broad or product-specific, government-run or managed through producer responsibility organisations (PROs). Their performance depends on multiple design choices outlined in Figure 5.

This mixed picture is illustrated by OECD and European waste data. Looking at 19 markets that

have had EPR schemes in place for over 10 years, they show that, while waste collection outcomes have improved across the board, it is not always enough to keep pace with growth in waste generation. As reflected in Figure 3, across the 19 markets analysed, packaging generated and recycled both increased by approximately 19% between 2012 and 2022. However, because generation remained higher, the absolute gap widened from 49 kg to 58 kg per person.

Further, average recycling rates increased by 17% in years 1–5 following EPR introduction, 8% in years 5–10, and 4% in years 10–15. The analysis therefore indicates moderating gains over time.

Figure 3. Annual packaging waste generated and recycled in 19 EPR markets (kg per capita, 2012–2022)⁵

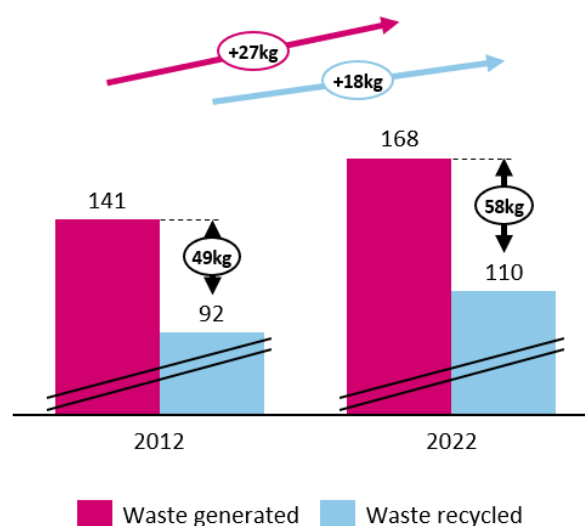
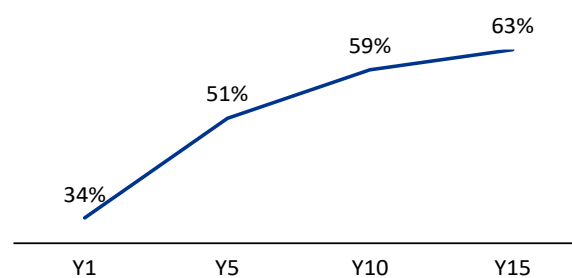


Figure 4. Average recycling rates in post-EPR markets⁶



⁵ Baringa analysis on 19 markets with EPR schemes within the OECD leveraging datasets from Eurostat and OECD Waste Stream data (2026).

⁶ Baringa analysis on 19 European markets with packaging EPR schemes introduced leveraging datasets from Eurostat (2026).

These lessons are particularly important for Australia because its market structure heightens both the potential benefits and risks of EPR.

That means a poorly designed EPR scheme could increase duplication, compliance costs, and pass-through pressures to consumers without commensurate benefits. The risk is greatest for smaller firms. At the same time, the current policy moment creates a clear opportunity to design a more nationally harmonised and outcomes-focused approach that reflects Australian market conditions rather than simply replicating overseas models.

1.2 Australian Retail Context

The Australian retail sector is valued at A\$444 billion and is the second largest private sector employer, supporting more than 1.4 million jobs, including more young Australians aged 15 to 24 years than any other industry⁷. Retail is diverse and includes small and independent retailers, large supermarkets, specialty retailers, department and big box stores and quick-service restaurants. With more than 155,000 retail outlets nationwide and a growing online presence, the retail sector is embedded throughout the economy, playing a critical role in the supply chain of Australian businesses.

Packaging performs critical functions across the supply chain by providing, protecting, and preserving products as they move from production to consumption. It also delivers essential consumer information, including allergen, health and safety advice, as well as enabling brand differentiation. In many cases, particularly for food, packaging is integral to the product experience: allowing consumers to consume food safely and enjoyably; mix condiments or separate ingredients; and identify quality and quantity.

When well designed, packaging can contribute to the circular economy and support efforts to minimise emissions, reduce damage and unnecessary disposal, reduce food loss and waste,

and avoid unintended environmental impacts. Australian retailers are embracing their role in reducing the environmental impacts of products and packaging. These efforts must be balanced against the practical realities of meeting consumer needs, expectations and budgets; complying with safety and health requirements; managing rising business costs; addressing operational and technical constraints; responding to international market impacts; and navigating a complex suite of local, state and national regulations, from product safety through to competition law.

1.3 About This Report

This report combines three sources of evidence: (1) published international literature, legislation and scheme evaluations; (2) quantitative analysis undertaken by Baringa across 19 packaging EPR schemes operating for at least ten years; and (3) market surveys, interviews, and roundtable discussions with 100+ Australian retailers, recyclers, producer responsibility organisations, government representatives, and industry bodies. Stakeholder engagement occurred via surveys, interviews, and roundtables. Stakeholders did not hold a single view on whether Australia should adopt EPR. They more consistently emphasised that any packaging reform should be national, rigorous, evidence-based, practical, proportionate, and capable of delivering measurable additional outcomes.

Against this backdrop, this report examines global lessons from EPR schemes and how these would apply in Australia. Importantly, this report does not argue that material usage is inherently bad. This includes the use of plastics. Plastic packaging does play an important role where it protects products, extends shelf life, reduces food waste, lowers transport weight, and supports safety, hygiene, and affordability.

Rather, the purpose of this report is to answer the question: **What role, if any, should Extended Producer Responsibility play in Australia's packaging**

⁷ "Retail insights: Industry dashboard", ARC (2026). Available: <https://www.retail.org.au/industry-dashboard>. Last accessed: 22 July 2026.

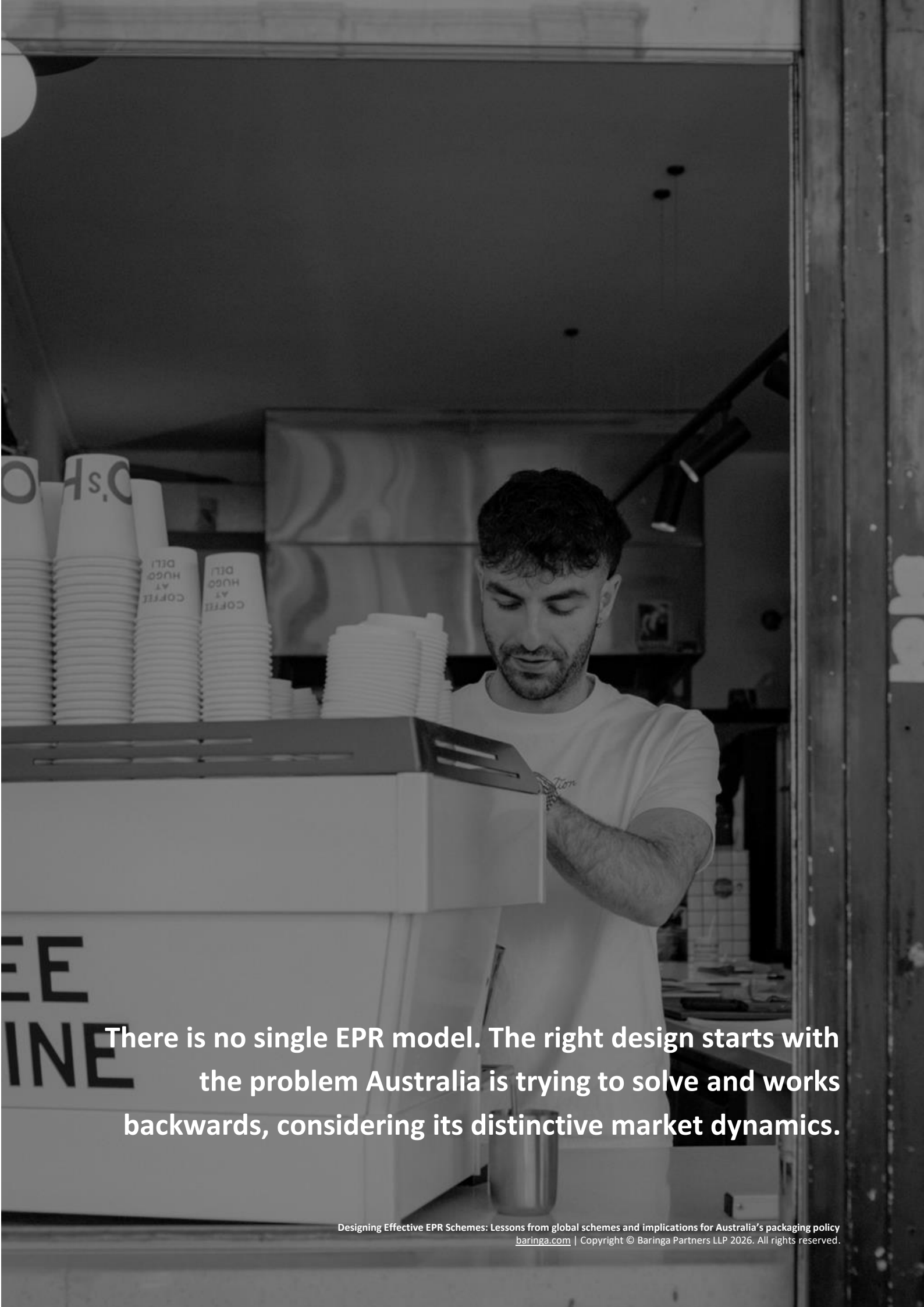
policy and, where producer responsibility is justified, how could it be designed to improve circularity without disproportionate cost, complexity, whole-of-life impacts, or competitiveness effects?

Accordingly, the report asks where EPR offers greater net benefit than the status quo or targeted alternatives and, only where it does, how producer responsibility should be designed.

It does this through three lenses:

1. First, it sets out the main design levers and recurring archetypes seen globally.
2. Second, it analyses global case studies to identify what has driven success, where schemes have struggled, and emerging lessons on costs, incentives, and use of proceeds.
3. Third, it applies these insights to the Australian context, assessing how EPR could support national objectives on waste, circularity, affordability, and competitiveness.

The core test of success will be identifying which interventions increase circularity without increasing unnecessary system friction, SME burden, or consumer-pass-through.



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There is no single EPR model. The right design starts with the problem Australia is trying to solve and works backwards, considering its distinctive market dynamics.

2 EPR Scheme Structures

EPR schemes take many forms, and outcomes depend more on design choices than on the existence of a scheme alone. This chapter outlines the core levers, including scope, liability, fees, governance, reporting, and enforcement. It also looks at their relative trade-offs.

2.1 EPR Scheme Designs

There is no single template for Extended Producer Responsibility. Around the world, schemes vary widely in legal form, product coverage, financial design, governance arrangements, and the degree to which responsibilities sit with producers, governments, municipalities, retailers, or consumers. Two schemes may both be labelled “EPR”, yet operate very differently in practice and pursue different policy objectives.

At their core, EPR schemes seek to shift at least part of the physical and/or financial responsibility for post-use products and packaging from the public sector to those placing products on the market. However, governments typically use EPR to pursue several objectives at once.

Environmental goals may include reducing leakage, toxicity, litter, or landfill, while circularity goals may focus on reuse, repair, collection, sorting, and recycling. Economic objectives can include improving cost efficiency, stimulating innovation, and creating a more level playing field between firms. In some jurisdictions, fairness and transparency are also central objectives, especially where policymakers are seeking to reduce free-riding, improve reporting accuracy, or ensure that imported goods are treated consistently with domestic production.

These multiple objectives are important because they shape which scheme design is most appropriate. A scheme designed primarily to raise baseline collection and safe disposal may look very different from one intended to drive eco-design, domestic reprocessing, or upstream material substitution.

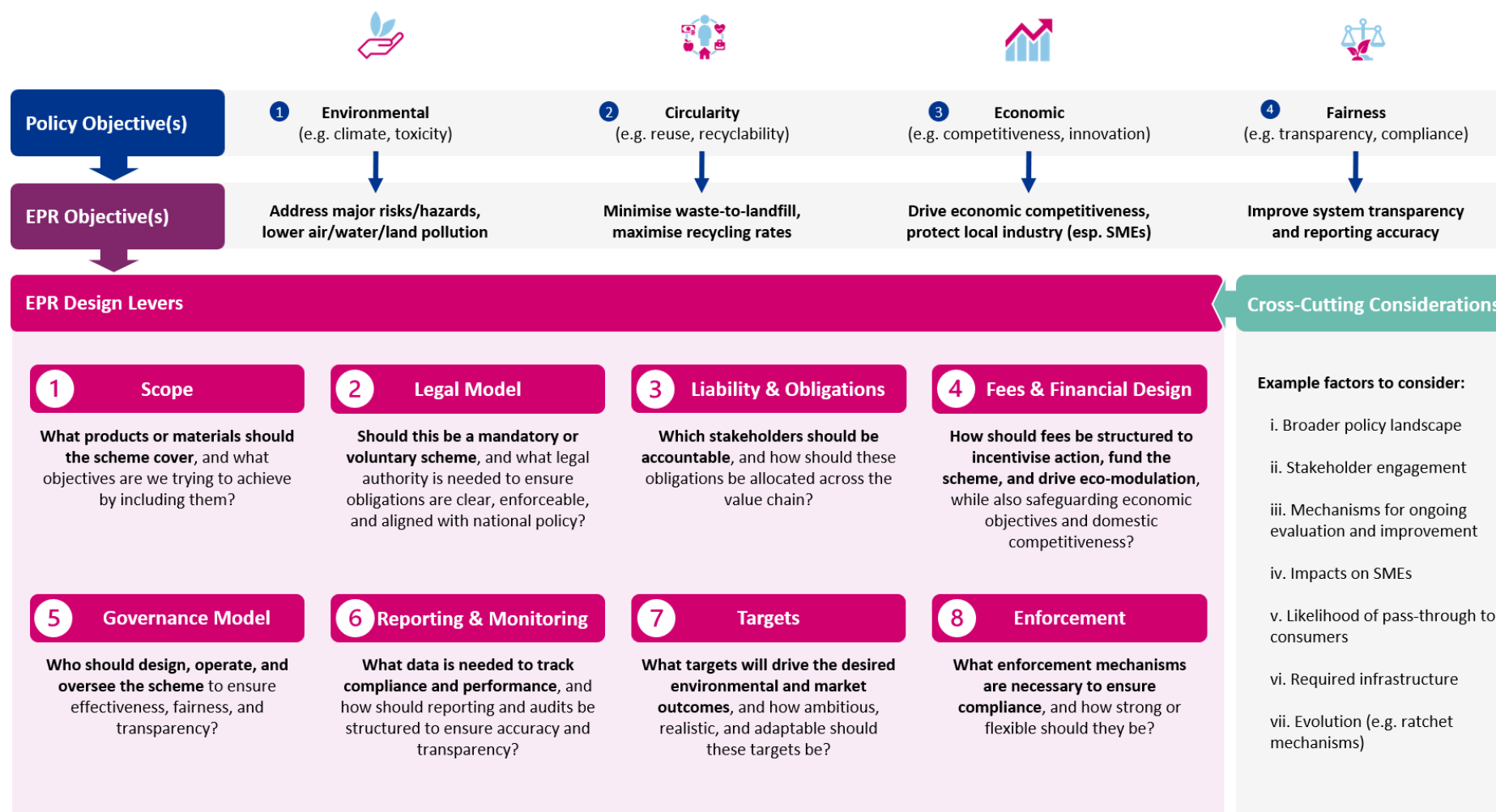
The relevant design levers depend on the policy problem being addressed. Poorly aligned design can create high administrative costs, potentially passed down to consumers, without materially improving outcomes; well-aligned design can improve performance, transparency, and accountability even in complex markets.

As shown in Figure 5, EPR schemes are usually built from a common set of design levers. The first three levers include the scope of the scheme, the legal model, including whether it is mandatory or voluntary, and the liability and obligations framework. Other levers shape the scheme’s incentives and implementation. This includes looking at fees and financial design to determine how costs are raised, how they are distributed across obligated parties, and whether the pricing structure creates signals to improve design, material choice, or end-of-life performance. Together, these levers define whether a scheme functions primarily as a cost-recovery mechanism, a compliance system, a market-shaping instrument, or some combination of the three.

A useful way to think about this is that policy is trying to balance three tensions at once:

1. Standardisation vs. flexibility: more centralised systems may improve consistency and enforcement, but can be slower to adapt and less tailored to local conditions.
2. Administrative simplicity vs. precision: broad-brush fee schedules and simplified reporting may reduce burden, but may weaken incentives for eco-design or fail to reflect true end-of-life costs. They can also harm SMEs.
3. Public oversight vs. private operational efficiency: strong government control may improve legitimacy and policy alignment, while producer-led systems may mobilise commercial capability and investment more quickly, but require safeguards against opacity, weak competition, or underperformance.

Figure 5. Core objectives and design levers in EPR schemes



2.2 EPR Scheme Archetypes

Figure 7 illustrates five broad archetypes commonly seen. These should not be treated as rigid categories; many real-world systems combine features from several models or evolve over time. This is true of each of the examples mentioned. Nonetheless, the archetypes are useful for showing how similar policy goals can be pursued through different institutional arrangements, with different implications for costs, incentives, and accountability.

A government-led compliance system is typically the most centralised model. The government sets the rules, administers the system, and often plays a strong role in fee setting, monitoring, and enforcement. This can work well where there is high public concern, a need for national consistency, or weaker industry capability, but it can also be administratively heavy and slower to innovate.

A producer compliance scheme or PRO-centric model places more operational responsibility on producers, usually through one or more collective compliance bodies. This can improve efficiency and align funding with producer obligations, but outcomes depend heavily on the strength of oversight and on whether producers face sufficiently strong incentives to improve product design rather than simply fund downstream compliance.

A shared-responsibility municipal partnership model is common, where municipalities retain a major operational role in collection and sorting. This may reflect existing local government infrastructure and can support place-based delivery, but it introduces coordination challenges around who pays, who controls operational decisions, and how performance is measured consistently.

A performance-based EPR model with economic incentives uses more flexible or performance-based fee structures to encourage recyclability, collection performance, reuse, or material substitution. This can be powerful where policymakers want EPR to do more than recover

costs, but it requires strong data, careful calibration, and credible enforcement.

Finally, a voluntary or co-regulatory industry-led model may be useful in earlier-stage markets or where the government wants to avoid rigid mandates initially. These models can build industry ownership and move more quickly in some contexts, but they often struggle with uneven participation, weaker accountability, and a higher risk of free-riding unless they are backed by a credible regulatory pathway.

2.3 Scheme Objectives & When EPR Is The Right Tool

Labels matter less than design. An industry-led initiative can work well, and a government- or PRO-led one can fail badly if obligations, incentives, and enforcement are misaligned. EPR is a means, not an end in itself. A PRO-based system, for example, can perform well where obligations are mandatory, data is auditable, targets are specific, and penalties for non-compliance are appropriate. Equally, a government-led system can underperform where targets are vague, reporting is weak, or cost signals do not encourage better product design. Policymakers should therefore be cautious about importing international models wholesale. The more important question is what outcome the scheme is intended to deliver, and whether EPR is the right instrument to deliver it in the context.

This difference is especially important because terms such as recycling, recovery, diversion, and circularity are often used interchangeably, even though they describe materially different outcomes (see Appendix A for a glossary). A scheme that increases collection or diversion may not necessarily increase circularity if materials are downcycled, exported without traceability, converted into energy, or returned to low-value uses with limited future recyclability. For example, energy recovery may have a role for residual waste where material recycling is not technically or economically viable, but it should not be treated as equivalent to recycling because it does not keep materials in productive use.

Figure 6. Not all recycling outcomes are equal

Term	What it means	Productive value
 Closed-loop recycling	Material is reprocessed back into the same or a similar application, such as packaging-to-packaging recycling.	Often the highest-value outcome because it preserves material utility and can reduce demand for virgin inputs.
 Open-loop recycling	Material is reprocessed into a different product or application, such as packaging plastic being used in construction products.	This can still create value, but may not support packaging circularity if the material cannot be recycled again.
 Downcycling	Material is recycled into a lower-value or lower-performance use, often with reduced future recyclability.	It may improve landfill diversion but should not be treated as equivalent to high-quality circularity.
 Energy recovery	Waste is used to generate energy through incineration or other recovery processes.	This can reduce landfill, but it does not keep material in circulation and is not counted as recycling.



Landfill avoidance

Material is diverted from landfill through recycling, recovery, export, reuse, or other pathways.

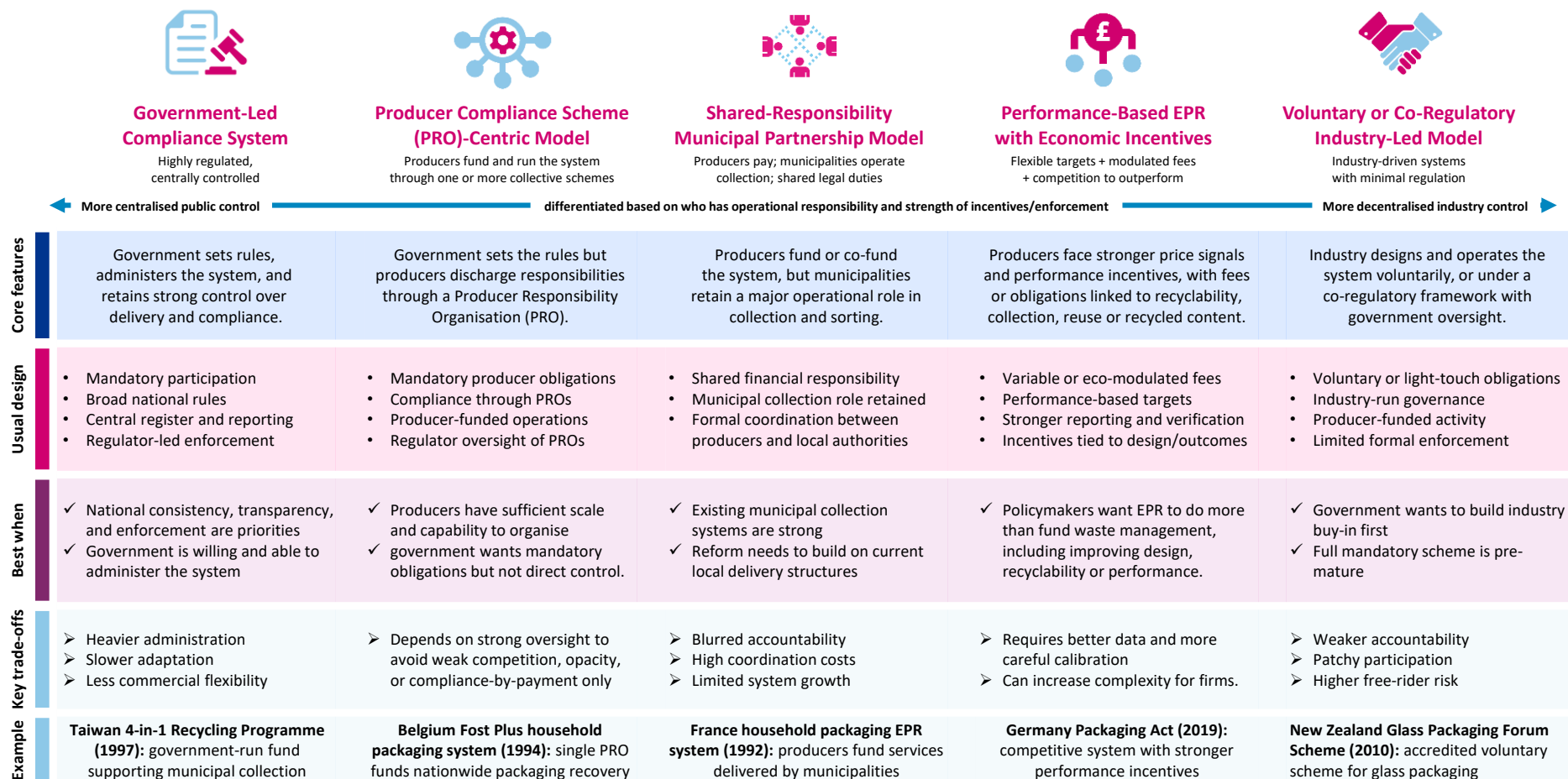
Useful as a waste-management measure, but insufficient as a circularity metric unless end use is clear.

The practical implication is that an Australian EPR scheme should not reward tonnage outcomes alone. It should distinguish between collection, recovery, and the type of recycling achieved. Accordingly, this should guide direct obligations, fees, and proceeds towards outcomes that improve resource productivity, recycled-material demand, and domestic end-market development.

Being explicit about the intended outcomes helps to ensure there is the correct policy-instrument match. A system designed mainly for cost recovery may prioritise broad coverage, simple fee structures, and administrative efficiency. A system intended to drive upstream design change may need eco-modulated fees, more granular reporting, and stronger links between product characteristics and compliance costs. A system intended to address fragmented reporting or weak compliance may need to focus first on registration, traceability, auditability, and enforcement. In other words, the right design depends on the policy challenges the government is trying to solve and the system readiness.

These differences in policy intent matter because there is no single EPR model that will deliver every outcome equally well. Once the intended outcome is clear, the next design question is which scheme architecture is best suited to deliver it in the Australian context. For example, a cost-recovery model, a producer-led compliance scheme, a shared municipal partnership, and a performance-based model can all be described as EPR, but they distribute responsibility, cost, control, and accountability in very different ways. Figure 7 sets out illustrative EPR archetypes.

Figure 7. Illustrative archetypes for EPR scheme design



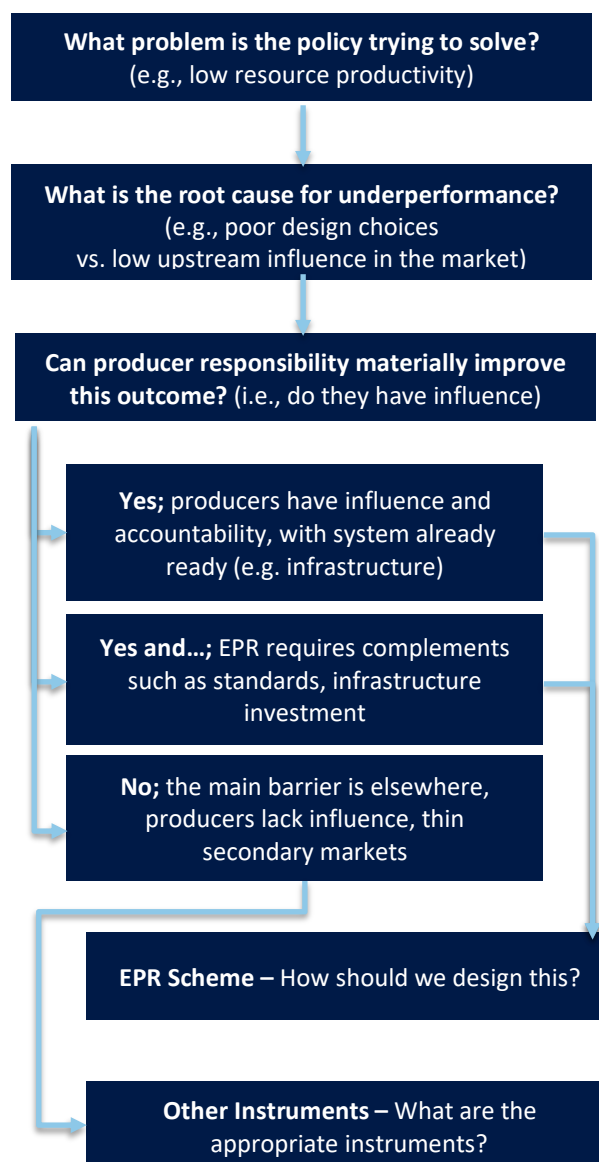
These archetypes show why EPR design should follow from the problem being solved, rather than from the assumption that a producer-fee model is automatically the right answer. In some cases, the main barrier is not the absence of producer obligations, but limited recycling infrastructure, weak end-markets for secondary materials, poor product standards, or the continued sale of formats that are intrinsically difficult to collect or recycle at scale. In these situations, other instruments may be more effective, whether as alternatives or complements to EPR. These can include design standards, minimum recycled content requirements, restrictions on problematic materials, deposit return systems, landfill taxes, labelling rules, procurement requirements, or targeted investment in collection and reprocessing capacity. EPR often works best as one means within a broader policy package, rather than as a standalone solution.

For Australia, this design lens is particularly important. The market is geographically dispersed, highly import-reliant, and shaped by a large number of SMEs. Responsibilities for waste, recycling, and product stewardship are also split across Commonwealth, state, territory, and local council levels. This creates a premium on nationally coherent rules, proportionate compliance arrangements, and pragmatic approaches to data and enforcement. It also means policymakers should be realistic about the trade-offs between ambition and implementability, especially where infrastructure gaps, thin secondary markets, or fragmented reporting systems may be real constraints.

The policy task, therefore, is not only to decide how an EPR scheme should be structured, but to work backwards from the desired outcomes, test whether EPR is the right fit, and identify where other levers may be better suited to the problem. Figure 8 sets out a practical decision logic for working backwards from the desired outcomes and testing where producer responsibility can influence that outcome. The case studies in the following chapter illustrate this clearly: the most effective systems are not those that simply adopt the language of EPR, but those in which ends, means, and market context are closely aligned.

Before considering scheme design, policymakers should establish whether EPR addresses a defined market failure more effectively than the status quo or targeted alternatives. This assessment should compare expected environmental and economic benefits with household, business, competition, and whole-of-life impacts.

Figure 8. Policy Design Questions



Interviewed stakeholders consistently highlighted that different packaging challenges require different policy responses and cautioned against treating EPR as a universal solution. This aligns closely with the international evidence reviewed in Chapter 3.



Global schemes show that EPR works best when obligations are clear, data is auditable, enforcement is credible, and proceeds are visibly reinvested.

In fact, one of the clearest differentiators between stronger and weaker schemes is not simply whether producers are charged, but how fee income is governed.

3 Global Learnings

International evidence reviewed suggests that EPR is neither a guaranteed success nor a policy failure by default. Its performance depends on whether obligations, incentives, enforcement, and use of proceeds are aligned to the outcomes the scheme is trying to deliver.

3.1 Global Lessons

Global case studies show that EPR schemes can improve waste outcomes, but only under certain conditions. The clearest lesson from international experience is that scheme performance depends less on whether a system is labelled “EPR” and more on whether liability is clear, reporting is credible, enforcement is appropriate, and revenues are transparently directed towards the capabilities needed to improve outcomes.

This is broadly consistent with longstanding OECD guidance, which has emphasised that EPR is not a single model, but a policy approach whose results are highly sensitive to design choices, governance, and market context⁸. Therefore, the case studies reviewed for this report do not point to a single ideal template.

Instead, they suggest key learnings that will be relevant for Australia. For example, stronger-performing systems tend to share a common set of characteristics:

- Outline clear objectives and clear allocation of obligations
- Rely on auditable data and central registries
- Make non-compliance costs appropriate
- Adapt over time as market conditions, waste streams, and policy objectives evolve

By contrast, weaker systems often remain too focused on downstream tonnage, leave too much ambiguity over who is accountable for which outcomes, or allow revenues to be absorbed into

business-as-usual operating costs rather than system improvement.

EPR schemes also rarely deliver transformational change on their own. Mature schemes have often improved collection and recycling relative to a no-EPR baseline, but that has not automatically translated into stronger waste prevention, greater reuse, more durable product design, or deeper domestic reprocessing capacity. Many of the best-performing systems have succeeded because EPR has been embedded within a wider policy package that includes product rules, infrastructure investment, digital reporting, consumer participation measures, and market-shaping interventions beyond producer fees alone.

Although packaging is likely to be the first priority for EPR reform in Australia, it is useful to consider EPR schemes across a wider set of materials because many of the core design choices are consistent across schemes. Whether applied to packaging, electronics, batteries, tyres, or textiles, EPR schemes must address similar questions on producer liability, fee-setting, eco-modulation, collection coverage, governance, use of proceeds, consumer affordability, and end-markets. Looking across materials therefore helps identify which design features are specific to packaging and which are broader lessons on how to create durable, cost-effective schemes that improve resource productivity without creating unnecessary complexity or competitiveness risks.

This section will discuss these learnings through six EPR case studies across a range of markets and product categories. These case studies were chosen to inform the design questions most relevant to Australia: how to build clear obligations and auditable data, where EPR can underperform, and how proceeds should be governed to support visible system improvement rather than business-as-usual cost recovery. The case studies presented in this section are summarised in Figure 9.

⁸ “Extended Producer Responsibility: Basic facts and key principles”, OECD (2024).

Figure 9. EPR Case Studies Overview

	Introduced / Major Reform	Objective and Description	Current Scope	Why This Matters for Australia
 Taiwan	1997 / 1998	Government-led fund model coordinating producer fees to subsidise recycling and system delivery.	Packaging containers and regulated recyclable articles	Shows how a centrally governed fund can coordinate producer payments, municipal roles, recycler incentives, and public participation.
 Germany	1991 / 2019	Performance-based model reducing packaging impacts through auditable producer registration and enforcement.	Packaging	Demonstrates the value of a national register, auditable data, and free-rider control before adding fee complexity.
 UK	2014	Producer compliance model funding WEEE collection and recovery, but illustrating the limits of downstream-focused EPR.	Electrical and electronic equipment	Illustrates EPR's limits where the challenge is consumer return behaviour, reuse, repair, and domestic reprocessing.
 France	1992 / 2020	Shared municipal partnership model expanding EPR from cost recovery into circularity measures.	Packaging, textiles, and multiple other streams	Highlights how higher fees and complex eco-modulation can burden SMEs without delivering circularity where system capacity is weak.
 Bulgaria	2004 / 2012	Collective PRO model funding packaging recovery, highlighting proceeds governance and transparency.	Packaging	Offers cautionary case on opaque proceeds, unclear remit, and the risk of EPR becoming a tax rather than system investment.
 South Korea	2003	Mandatory recycling model backed by non-compliance charges, central verification, and PRO delivery.	Packaging and specified products	Shows how enforceable producer obligations can sit alongside a separate state funding channel for recycling projects and technology.

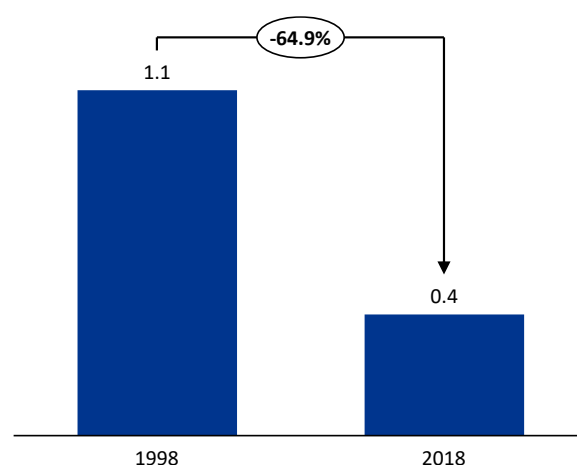
3.2 What Stronger Schemes Get Right

Generally, better-performing systems are those that set clear objectives from the outset, allocate obligations unambiguously across producers and other actors, rely on auditable data and central registries, make non-compliance both costly and visible, and evolve over time as market conditions, waste streams, and policy priorities change. Taiwan and Germany show that stronger schemes achieve this not through a standardised EPR model, but by a common set of four design features.

First, stronger schemes set clear objectives and allocate obligations unambiguously across the system. Taiwan's Four-in-One system, introduced in 1997, assigns producers a clear financial obligation through the Recycling Fund, while municipalities, communities, and recyclers perform defined operational roles⁹. The scheme mandates that producers pay eco-modulated recycling fees into a central, government-managed fund, rather than managing operations directly. These fees are dynamically calculated based on weight, recyclability, and toxicity, thus incentivising eco-design. The central fund then subsidises municipal collection and private recycling enterprises, creating a coordinated, self-reinforcing ecosystem. This robust, digitally tracked financial flow ensures transparency while actively driving system transformation and educating the public. Taiwan's daily per-capita municipal waste generation fell by approximately 65% between 1998 and 2018 (see Figure 10).

Germany achieves similar clarity through a different model: producers placing packaged goods on the market must register in LUCID and participate in a dual system under the Packaging Act, creating a formal division of responsibilities between producers, compliance schemes, and regulators¹⁰.

Figure 10. Taiwan Municipal Waste Generated (kg per person per day, 1998-2018)



In both cases, the result is a scheme architecture easier to govern and harder to evade than one built on broad stewardship principles alone.

Second, stronger schemes rely on auditable data and central registries. Germany provides the clearest example: the LUCID Packaging Register passed 1 million registrations in April 2024, a sharp rise from 55,000 registrations at launch, materially increasing market transparency and making it easier to identify obligated firms¹¹. Taiwan's system is more centralised, but the same principle applies. Its Recycling Fund model links fee setting, certification, subsidy payments, and audit functions within one public system, giving the government better visibility over volumes and flows than in fragmented reporting environments¹². EPR can only function properly where regulators and industry can identify who is in scope, verify what has been placed on the market, and test whether obligations have been fulfilled.

Third, stronger schemes make non-compliance costly and visible. Germany's central register does not just improve data quality. It also improves

⁹ "Enhancing and Utilizing the Recycling Fund to Its Full Effect", Ministry of Environment Taiwan (2022); "EPA Builds Multilateral Cooperation in Recycling and Circular Economy", Environmental Protection Administration Taiwan (2020).

¹⁰ "Registration in the LUCID Packaging Register", Central Agency Packaging Register (2025); "Packaging Register and Packaging Act Resources", Central Agency Packaging Register (2025).

¹¹ "From 55,000 to 1,000,000: how the LUCID Packaging Register is improving fairness and transparency in the packaging recycling market", Central Agency Packaging Register (2024).

¹² "Waste Disposal Act", Ministry of Environment Taiwan, (2017); "Enhancing and Utilizing the Recycling Fund to Its Full Effect", Ministry of Environment Taiwan (2022).

enforceability by making registration and compliance publicly verifiable, helping reduce free-riding and protect compliant firms from being undercut¹³. Taiwan uses a more administrative model, but similarly combines mandatory participation with auditing, certification, and penalties under the Waste Disposal Act and related fund arrangements¹⁴. This is one of the clearest differences between stronger and weaker systems: EPR works better where non-compliance is not only theoretically prohibited, but detectable with proportionate and visible sanctions.

Figure 11. What Stronger EPR Schemes Get Right

	Taiwan	Germany
Outline clear objectives and clear allocation of obligations	Producer fees flow into a central fund; clear roles for municipalities and recyclers	Producers are required to register and participate centrally; clear roles for all
Rely on auditable data and central registries	Public fund links fee setting, certification, subsidy payments, and audit	Public LUCID registry makes producer registration and compliance auditable
Make non-compliance costs appropriate	Mandatory participation backed by audit and penalties	Public register, enforcement with potential distribution bans
Adapt as markets evolve	Fees, scope, and incentives refined since 1997	Rules and guidance updated regularly, with associated compliance costs

Fourth, stronger schemes adapt over time as market conditions, waste streams, and policy objectives evolve. Taiwan’s system has been refined repeatedly since the late 1990s, including through adjustments to fee rates, regulated products, and reuse and recycling incentives¹⁵. This has supported consistently strong outcomes: Taiwan reported a 58.86% recycling rate in 2021, above its 54% policy target, while official government material also reports PET bottle recycling above 90%¹⁶.

Germany has likewise continued to tighten and refine its system, including through minimum standards for recyclability and stronger transparency requirements. The results are visible in packaging performance: according to the German Environment Agency, the share of plastic packaging recycled rose from 42.1% in 2018 to 68.9% in 2023¹⁷.

The broader lesson is that stronger EPR schemes do not succeed simply because they are mandatory or long-established. They succeed because they combine clearer obligations, more credible reporting, stronger enforcement, and iterative policy development. Taiwan and Germany therefore provide a useful benchmark for Australia, but they also sharpen the next question: why do some mature EPR schemes still struggle to deliver broader circularity, competitiveness, and system transformation outcomes?

3.3 Where EPR Underperforms

International experience also shows that EPR schemes can underperform even where a formal legal framework is in place. The issue is rarely the absence of producer responsibility in principle. It is more often that schemes become too focused on downstream compliance, cost recovery, or narrow tonnage targets, while doing too little to

¹³ “From 55,000 to 1,000,000: how the LUCID Packaging Register is improving fairness and transparency in the packaging recycling market”, Central Agency Packaging Register (2024).

¹⁴ “Waste Disposal Act”, Ministry of Environment Taiwan, (2017); “Enhancing and Utilizing the Recycling Fund to Its Full Effect”, Ministry of Environment Taiwan (2022).

¹⁵ “Major Environmental Policies, January 2025”, Ministry of Environment Taiwan (2025).

¹⁶ “EPA Minister Shares Taiwan’s Environmental Experience and Response to Climate Change at Global Environmental Education Partnership Meeting”, Environmental Protection Administration Taiwan (2022).

¹⁷ “Packaging recycling only works with correct waste separation”, German Environment Agency (Umweltbundesamt) (2025).

change upstream product design, strengthen domestic recycling capability, or improve wider circular economy outcomes.

France and the United Kingdom illustrate this clearly. Both have mature producer responsibility regimes and established compliance structures, yet both show how EPR can struggle where incentives, infrastructure, and accountability are not fully aligned to the policy end. In these examples, objectives have expanded faster than the system's ability to deliver them, obligations are not always aligned to what producers can realistically influence, compliance structures remain stronger downstream than upstream, and the wider system has not adapted quickly enough to remove infrastructure and market bottlenecks.

The common pattern is one of partial success. Schemes can improve reporting, finance collection and treatment, and raise recycling rates in some areas. The risk is that EPR can appear successful against narrow waste-management metrics while still underperforming against circular economy objectives.

A scheme may collect more tonnes, recover more material, or shift more cost to producers, but still fail to improve resource productivity if materials are downcycled, exported without traceability, processed into low-value applications, or returned to markets with limited demand. This is why tonnage, diversion, and cost recovery should not be treated as proxies for circularity. For Australia, as per the targets set out in the government's Australia's Circular Economy Framework, the objective should be to improve the productive use of materials, strengthen domestic recovery and reprocessing capability, and build credible end-markets for recycled inputs¹⁸. Moving more packaging through the existing waste system cannot be the primary or ultimate objective, otherwise it risks the scheme becoming a subsidy for the downstream value chain.

A first weakness is that EPR can become too downstream and tonnage-led. The UK WEEE (Waste Electrical and Electronic Equipment) regime is a good example. It creates a clear framework for financing collection, treatment, and recovery of waste electricals through producer compliance schemes and annual collection targets¹⁹. However, the original system is still principally oriented around what happens once a product enters the waste stream. It is much less effective at influencing durability, repairability, reuse, or the consumer behaviours that determine whether products are returned at all.

This helps explain why the system can achieve relatively strong treatment standards once materials are collected yet still struggles to drive broader circularity outcomes upstream. DEFRA's (UK Government's Department for Environment, Food and Rural Affairs, which is responsible for setting WEEE policy) own impact assessment underlines this point. They concluded that reform of the WEEE model should "fund better and more consistent recycling collections" and "encourage more domestic recycling and reprocessing", while improving a system that was still achieving only a 57% reuse and recycling rate and leaving around 450 kilotons of WEEE in residual waste streams each year²⁰. This is effectively an official recognition that the original regime was stronger on downstream financing and treatment than on the upstream and consumer-facing conditions needed to improve return, reuse, and recovery.

A second weakness is that EPR can overestimate what fee structures alone can achieve where supporting infrastructure and end-markets remain weak. France's EPR architecture is among the most ambitious in Europe, with broad product coverage, eco-modulation, and continued

¹⁸ "Australia's Circular Economy Framework: Doubling our circularity rate", DCCEEW (2024).

¹⁹ "The Waste Electrical and Electronic Equipment Regulations 2013", UK Government (2013); "Electrical and electronic equipment (EEE): producer responsibility", UK Government (2014); "The Waste Electrical and Electronic Equipment (Amendment, etc.) Regulations 2025", UK Government (2025).

²⁰ "WEEE Review Impact Assessment Final 2023", DEFRA (2023).

regulatory tightening under the AGEC law²¹. Yet, for example, in textiles, smaller producers that use the simplified declaration route and place fewer than 5,000 items on the market face a blunter per-item tariff of more than €0.5 for products in the 2025 Refashion fee guide. This is compared against an average fee per item of €0.04. This makes the system relatively more punitive for smaller firms, while doing little to address the underlying structural constraints in collection, sorting, and recycling capacity. In other words, the fee architecture has become more demanding than the system is capable of productively absorbing.

At the same time, domestic recovery capacity remains constrained enough that France's textile system still depends heavily on export markets. In fact, in 2021, France was one of the top 10 textile waste exporting countries globally, with recent reporting indicating that more than 60% of collected volumes are exported, mainly to Africa²². Together, these features suggest a system in which financial obligations have expanded faster than local sorting, recycling, and end-market capacity, limiting the extent to which EPR has translated into domestic circular outcomes.

A third weakness is that EPR can create complexity without proportionate behavioural change. This is especially so when obligations are weakly linked to what producers can genuinely influence. OECD guidance has long warned that EPR outcomes are highly sensitive to product characteristics, administrative design, and market structure²³. Where obligations are too far removed from product design decisions, or where eco-modulation becomes overly complex relative to its incentive value, the result can be a higher administrative burden without a commensurate

shift in product choices, product durability, or material recovery quality²⁴.

The UK Government's assessment of its WEEE EPR scheme noted that the main gap is not simply that producers do not pay enough, but that reform is needed to "fund better and more consistent recycling collections" and "encourage more domestic recycling and reprocessing", rather than relying on the existing producer-responsibility model alone. In other words, the challenge is not whether EPR has a role, but whether it is being asked to solve problems that are equally about consumer participation, retailer interfaces, and domestic system capacity.

France points to a similar conclusion from a different starting point. In textiles, the evidence suggests that tighter obligations and more sophisticated eco-modulation have not been enough to overcome weak domestic sorting and recycling economics or thin end-markets for recovered material. That is precisely the kind of context in which non-EPR tools, such as targeted infrastructure funding, recycled-content standards, restrictions on problematic products, public procurement, or reuse-support measures, may do more to unlock circular outcomes than additional EPR complexity alone. OECD work on waste and circular economy policy similarly notes that countries have often relied on complementary measures, including landfill and incineration taxes, deposit-return systems, and standards, to address market failures that EPR does not solve by itself²⁵. The implication from France and the UK is therefore not that EPR is ineffective. It is that EPR is often strongest as part of a wider policy package.

²¹ "LOI n° 2020-105 du 10 février 2020 relative à la lutte contre le gaspillage et à l'économie circulaire", French Government (2020); "France's Anti-waste and Circular Economy Law: eliminating waste and promoting social inclusion", Ellen MacArthur Foundation (2021); "Understanding the AGEC Law", Refashion (2025).

²² "France Raises Textile Collection Grant to €268/Ton to Preserve Fabric Waste", Modaes (2026).

²³ "Extended Producer Responsibility: Updated Guidance for Efficient Waste Management", OECD (2016).

²⁴ "Extended Producer Responsibility: A Guidance Manual for Governments", OECD (2001); "Extended Producer Responsibility: Updated Guidance for Efficient Waste Management", OECD (2016).

²⁵ "Waste Management and the Circular Economy in Selected OECD Countries", OECD (2019); "Extended Producer Responsibility: Updated Guidance for Efficient Waste Management", OECD (2016).

Figure 12. EPR Effectiveness: Best Used When

Barrier Focus	EPR Effectiveness
Funding existing waste infrastructure	Strong
Recovering simple or high-value materials	
Incentivising producers who do control design	
Driving system transformation	Weak and/or more conditional
Implementing complex fee structures	
Upgrading recycling technologies	
Differentiating tonnage vs. quality objectives	
Creating secondary markets	
Changing consumer behaviour	
Preventing SME burdens	

For Australia, this is a critical design lesson. The choice is not simply between having EPR and not having EPR. It is between designing a scheme that is clear about what EPR can reasonably deliver, and one that loads broader market, infrastructure, and behavioural failures onto producer obligations alone. The UK and France suggest that where EPR is stretched beyond its most effective uses, the result can be a more complex and costly regime without progress.

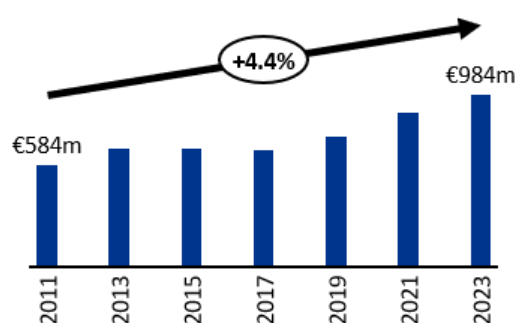
The following section turns to one of the clearest differentiators between stronger and weaker systems: whether proceeds are directed towards capability upgrades or absorbed into BAU.

3.4 Why Use of Proceeds Matters

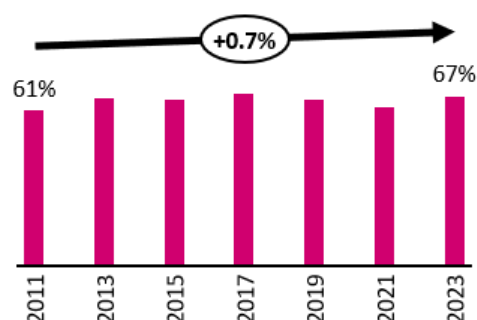
EPR performance depends not only on how money is raised, but on how it is used. Producer fees can finance collection, sorting, recycling, and administration, but they do not automatically improve outcomes unless directed towards

constraints limiting system performance and material productivity. Where proceeds are absorbed into BAU, fragmented administration, or poorly targeted transfers, the scheme may stabilise waste management but do little to improve productivity, material quality, or domestic recovery capacity. Where revenues are ring-fenced, transparently governed, and linked to capability upgrades, they can unlock better collection, sorting, processing, market confidence, and circular outcomes.

Figure 13. Citeo Packaging-and-Paper Contributions and Household-Packaging Recycling Rate (2011–2023)



EPR fee income for household packaging has grown steadily...



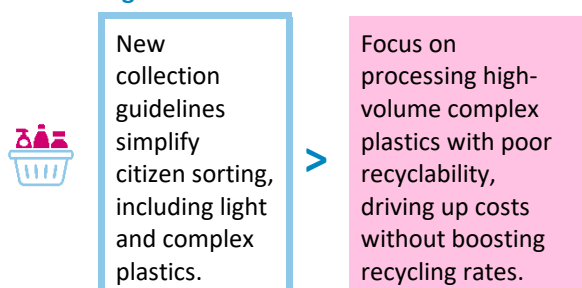
...but recycling rates have only marginally improved

France's household packaging regime shows how rising fee income does not necessarily translate into proportionate gains. Established in 1992, France's EPR is one of the world's oldest mandatory systems. It operates on a shared responsibility model where producers finance ~80% of municipal collection and sorting costs.

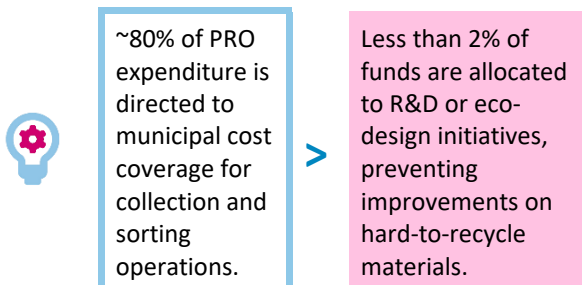
Citeo, the French PRO for household packaging and paper collecting and channelling EPR fees, reports that annual contributions for household packaging and paper reached €0.98 billion in 2023 (rising by 4.4% CAGR since 2011), and says these funds are used both for standard waste management activity and for additional programmes (such as reuse and eco-design support)²⁶. Yet the scheme still acknowledges that France has not yet reached European recycling targets, with recycling rates only rising at 0.7% CAGR over the same period.

Figure 14. Challenges in France's Use of Proceeds Design

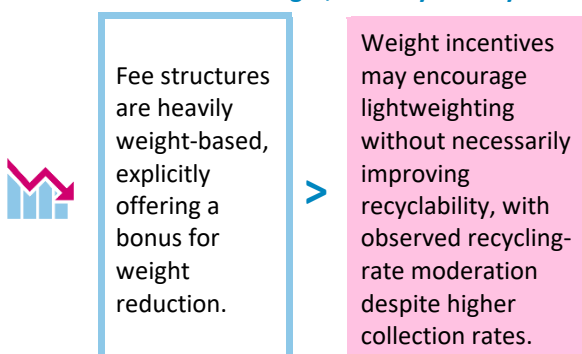
Diminishing returns on “catch-all” collection



Downstream-centric use of proceeds



Incentives focused on weight, not recyclability



The core issue is not the absence of funding, but whether funding is directed towards the constraints that limit circularity. Much of the system remains geared towards financing the existing collection and sorting model rather than overcoming the harder productivity and market constraints that emerge once the easier gains have been captured. One example of the effects of the fee structure design is that producers are incentivised based on weight. The scheme offers a bonus for weight reduction, with a proportional bonus for the same reduction in weight (e.g. 36% weight reduction gives a 36% reduction on fees)²⁷. However, lighter-weight plastics are often harder and more expensive to recycle.

Bulgaria's EPR scheme illustrates different use-of-proceeds risks. Bulgaria's packaging EPR scheme, established in 2012 under the Waste Management Act and the Ordinance on Packaging and Packaging Waste, requires producers and importers to finance the end-of-life management of packaging materials. The system operates primarily through four competing PROs, which use producer fees to support the national separate collection bin system and sorting infrastructure. However, the scheme's design leaves too much ambiguity over operational remit and performance²⁸.

First, analysis from Zero Waste Europe (European environmental NGO and policy network) and Za Zemiata (Bulgarian environmental NGO and local partner organisation) argues that PROs are allowed to operate beyond a tightly defined operational remit, including the recycling of imported plastic waste, which can weaken the link between producer fees and domestic system improvement²⁹.

²⁶ “Our impact”, Citeo (2025); “Extended Producer Responsibility”, Citeo (2024).

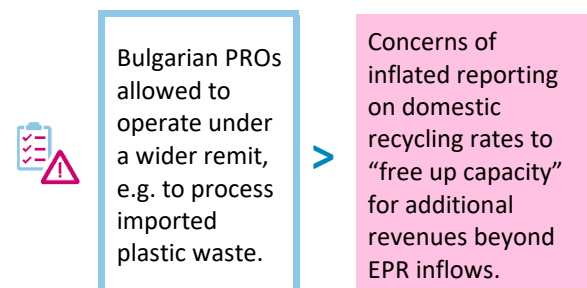
²⁷ “Guide Tarifs 2026”, Adelphe (2026).

²⁸ “Bulgaria Municipal and Packaging Waste Factsheet”, European Environment Agency (2025).

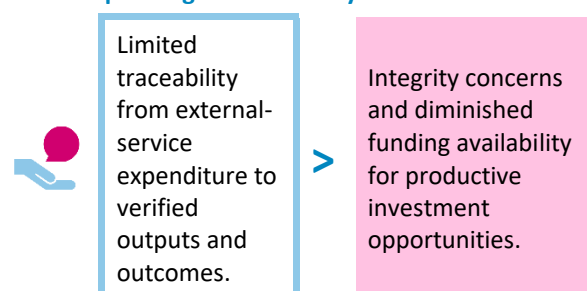
²⁹ “Parallel realities: managing plastic packaging waste in Bulgaria beyond official statistics”, Zero Waste Europe and Za Zemiata (2025).

Figure 15. Challenges in Bulgaria's Use of Proceeds Design

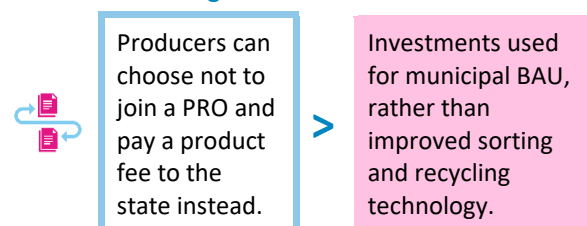
Lack of focused operational remit and disincentives for diligent reporting



Lack of spending accountability



Ineffective funding channels



Second, spending accountability appears weak. The same report from Zero Waste Europe and Za Zemiata compiles the 2022 financial statements of the four PROs and shows combined personnel costs of BGN 4.3 million compared with BGN 47.3 million in external services. This is significant because PROs are described as “primarily administrative structures” that outsource core activities, meaning most scheme expenditure sits outside the PROs’ own staff base and should therefore be clearly traceable to contracted collection, sorting, recycling, and public-awareness outcomes. Without transparent reporting on what these external services purchase, where the money flows, and whether they improve recycling performance, the figures raise questions about whether producer fees are

being converted into measurable system impact or absorbed into opaque delivery arrangements.

Third, producers can choose not to join a PRO and instead pay a product fee to the state, which weakens the connection between producer contributions and targeted investment in collection, sorting, and recycling capability³⁰. This is especially challenging as funds can be used to fill wider fiscal budgets without direct correlation back to the EPR objectives, and thus, fees simply become another corporate tax.

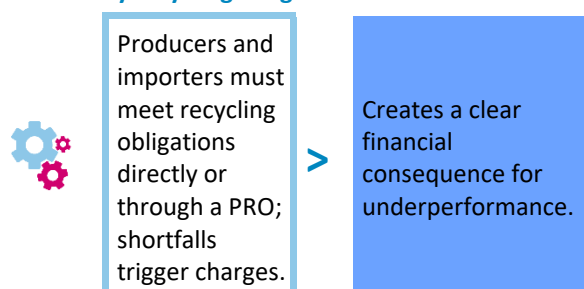
South Korea provides a useful counterpoint, but its EPR and Waste Charge systems should be distinguished. Under EPR, producers and importers must meet mandatory recycling obligations directly or through a PRO; those that fall short are subject to recycling charges. Separately, the Waste Charge System applies to specified hard-to-recycle or harmful products. Receipts enter the state Special Account for Environmental Improvement and may support recyclable-resource management, recycling projects, waste-treatment facilities, local-government collection and recycling, and related research and technology development. Korea therefore illustrates how producer obligations can sit alongside a separate public funding channel, rather than proving that ordinary PRO fees funded specific facilities or outputs.

Three lessons stand out. First, mandatory recycling obligations are backed by financial consequences for underperformance. Second, the separate Waste Charge System provides a specified state funding route for recycling and waste-system investment. Third, K-ECO centralises planning, reporting, verification, and charge administration. Together, these features strengthen accountability and investment discipline, but do not establish that EPR or PRO proceeds caused infrastructure investments or recycling outcomes.

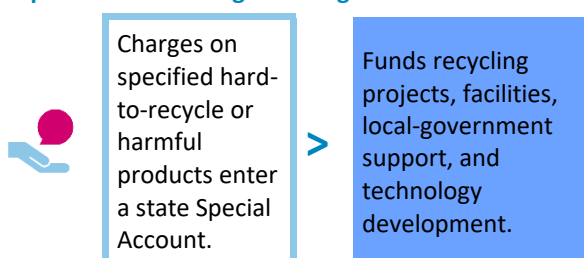
³⁰ “Parallel realities: managing plastic packaging waste in Bulgaria beyond official statistics”, Zero Waste Europe and Za Zemiata (2025).

Figure 16. Strengths of South Korea's EPR and Waste-Charge Systems

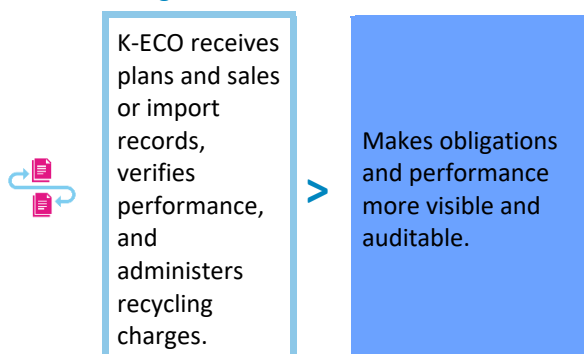
Mandatory recycling obligations



Separate waste-charge funding



Central oversight and verification



South Korea's wider waste outcomes provide relevant context, although they cannot be attributed to EPR alone. The country reports among the stronger recycling outcomes in the OECD, while also noting that landfilling has gradually been replaced by recycling and incineration with energy recovery³¹. OECD's 2023 review of EPR further notes that Korea's plastic packaging EPR helped the country meet recycling-rate targets of above 60% depending on material³². UNEP also reports that in Jeju, around

66% of household waste is recycled, compared with a reported 19% global average³³.

Taken together, the evidence supports a narrower conclusion: clear obligations, central verification, and specified uses of state-collected charges can strengthen accountability and investment discipline. It does not isolate the effects of EPR from Korea's wider waste policies, infrastructure, or energy-recovery system.

At the same time, South Korea should be treated as a strong benchmark rather than a flawless model. First, Korea's strong recycling performance does not mean it has solved waste prevention more broadly. OECD notes that Korea's per person municipal waste generation has increased since 2000, even though it remains below the OECD average³⁴. Second, some of Korea's stronger headline recovery figures should be read carefully, because OECD explicitly notes that the country's waste management improvement reflects a shift away from landfill towards both recycling and incineration with energy recovery, rather than material recycling alone³⁵. Third, K-ECO's own rules exempt small manufacturers and importers of packaging from recycling obligations, which helps alleviate burden but also shows that proportionality remains a live design issue within the scheme³⁶.

Ultimately, scheme performance should be assessed through verified movement from collection into reprocessing and productive use, not collection volumes or nominal processing capacity alone. Where fees are ultimately reflected in prices, scheme design should focus on reducing the underlying cost of circularity rather than relying on businesses to absorb charges. Ring-fenced investment in collection, sorting, reprocessing, data, and end-markets can improve system efficiency, although any resulting reduction in pass-through should be demonstrated rather than assumed.

³¹ "Environment at a Glance: Korea", OECD (2025).

³² "New Aspects of EPR: Extending producer responsibility to additional product groups and challenges throughout the product lifecycle", OECD (2023).

³³ "In pictures: how the Republic of Korea is taking on plastic pollution", UNEP (2024).

³⁴ "Environment at a Glance: Korea", OECD (2025).

³⁵ "Environment at a Glance: Korea", OECD (2025).

³⁶ "Extended Producer Responsibility", Korea Environment Corporation (2023).

3.5 Implications for Australia

For Australia, the implication is practical rather than ideological. Stronger schemes tend to share a common set of disciplines: clear objectives, explicit obligations, auditable reporting, credible enforcement, and revenues that are transparently directed towards system improvement. Weaker schemes illustrate the opposite risk, with increasing cost and complexity but limited progress on reuse, packaging design, domestic recycling capacity, or wider circularity outcomes.

Australian stakeholders reinforced the practical relevance of these lessons. Across stakeholder engagements, participants frequently emphasised the importance of national consistency, transparent governance, proportionate obligations, stronger end-markets, and closer alignment between producer incentives and the realities of implementation.

The key question for Australia is therefore not whether EPR works in principle, but where it is the right instrument and what it can reasonably be expected to achieve. International experience suggests that EPR is generally most effective where the principal problems are unpriced end-of-life costs, weak producer accountability, or free-riding. It is less effective where the main constraints lie elsewhere, including fragmented collection systems, inadequate or uneven infrastructure, thin markets for recovered materials, or consumer behaviours that producers cannot control on their own.

This points to a selective, system-outcomes-led approach. EPR should be used selectively within a wider policy package, rather than expected to resolve every barrier to circularity. Its effectiveness will depend not only on who is liable and how fees are set, but also on the quality of reporting and enforcement, the readiness of collection and recycling systems, and the presence of complementary measures to support design standards, recycled-material demand, infrastructure, and consumer participation.

Above all, the case studies suggest that one of the clearest differences between stronger and weaker schemes is not simply whether producers are

charged, but how revenues are governed, allocated, and linked to measurable improvement. The next chapter applies these lessons to Australia's core design choices: objectives, liability, fee design, use of proceeds, phasing, and the complementary instruments required beyond EPR.



Any Australian circularity policy, including any future EPR scheme, must be nationally coherent, evidence-based, proportionate, competitively neutral, and capable of delivering measurable additional outcomes.

4 Australia EPR Design

For Australia, the central EPR design question is not simply how much producers should pay. It is whether producer payments can be translated into better circular economy outcomes without creating disproportionate compliance costs, SME burdens, or consumer price pressures. This chapter tests the main design choices on liability, harmonisation, fee design, SME treatment, use of proceeds, and enforcement.

4.1 Why Australia is a High-Sensitivity Market for Circularity Policy

Australia has set a clear national direction on circularity. The 2024 National Waste Policy Action Plan identifies legislation and regulation, infrastructure investment, procurement, funding support, innovation, and demand creation as priorities for the transition to a safe circular economy. Australia's Circular Economy Framework also sets a national ambition to double circularity by 2035, with targets to reduce per-capita material footprint by 10%, lift material productivity by 30%, and safely recover 80% of wasted resources³⁷.

On packaging stewardship, Australia is not starting from a blank slate. The Australian Packaging Covenant has operated in various forms since 1999 and is now administered by APCO as the industry-led component of Australia's co-regulatory packaging framework³⁸. More recently, NSW enacted the Product Lifecycle Responsibility Act 2025, while the federal Extended Producer Responsibility Scheme for Packaging (No Time to Waste) Bill 2026 was referred to a Senate inquiry in May 2026³⁹.

This sits alongside Australia's wider economic agenda. Future Made in Australia is designed to attract private investment and support new net

zero industries that strengthen economic resilience⁴⁰. This is relevant to circularity because packaging recovery, domestic reprocessing, recycled-content markets, and infrastructure investment all depend on long-term market confidence.

Figure 17. Resource Sovereignty Benefits

Circularity does offer potential wider benefits to Australia around resource sovereignty. Australia imports many packaged goods and consumables, meaning upstream packaging choices are often made offshore and are subject to increasingly volatile supply chains. At the same time, waste feedstock is becoming a key commodity in numerous industries, including packaging, construction, textiles, infrastructure, and advanced manufacturing. This means recovered materials should not be treated only as a waste-management problem, but as a strategic domestic resource.

Example resource sovereignty benefits include:

- **Keeping more material value onshore**, reducing leakage to landfill, low-value recovery, or offshore processing.
- **Reducing exposure to volatile supply chains**, through domestic inputs where technically and commercially viable.
- **Building domestic reprocessing capacity**, building investor confidence in reliable feedstock availability.
- **Improving supply-chain resilience**, by turning recovered materials into a more dependable domestic resource base.

³⁷ "2024 National Waste Policy Action Plan", DCCEEW (2024).

³⁸ "The Australian Packaging Covenant", APCO (2026).

³⁹ "Product Lifecycle Responsibility Act 2025 No 22", NSW Government (2025); "Extended Producer Responsibility Scheme for Packaging (No Time to Waste) Bill 2026", Parliament of Australia (2026).

⁴⁰ "Investing in a Future Made in Australia", Prime Minister of Australia (2024).

However, the challenge is that Australia is not a simple market to do this. Its circular economy will need to balance domestic resource sovereignty with the reality that many packaging supply chains, manufacturing routes, and closed-loop opportunities are international. In fact, Australia should be seen as a high-sensitivity market for circularity policy because of five key factors.

Figure 18. Australia's High-Sensitivity Factors

		Design Implication
	1. SME-Heavy Economy	Keep obligations proportionate
	2. Federalised Structure	Harmonise rules and data
	3. High Import Exposure	Link liability to real influence
	4. Geographic Dispersion	Target proceeds regionally
	5. Uneven Infrastructure	Phase by system readiness

First, Australia's SME-heavy economic base makes proportionality essential. Australia is dominated by small- and medium-sized businesses (SMEs). They represent more than 99% of the number of businesses and account for 55% of industry value added to Australian GDP⁴¹. While this does not mean SMEs place most packaging on the market, it does mean that any national circularity policy will need to interact with a business population dominated by firms with limited compliance teams, data systems, audit capacity, and bargaining power.

Second, Australia's federal policy structure creates a premium on national alignment. Waste and resource recovery responsibilities sit across Commonwealth, state, territory, and local government settings. Without a nationally consistent EPR design, businesses will face duplicated reporting, inconsistent producer definitions, different material classifications, and uneven enforcement expectations. This would be

particularly challenging for national retailers, importers, marketplaces, and SMEs operating across multiple jurisdictions.

Figure 19. Why SMEs Matter in EPR Design

SMEs are central to the practical success of any Australian EPR scheme. Where they make up the majority of the business base, they often have the least capacity to absorb new reporting, data, audit, and fee obligations. This means that a poorly designed scheme could create a broad compliance burden across a large number of firms with limited internal teams, weak supplier leverage, and less ability to redesign packaging quickly.

Small and Medium Businesses Dominate the Australian Economy⁴²

Business Size	Number of Businesses
Small Businesses, 0-19 Employees	2,656,469
Medium Businesses, 20-199 Employees	67,857
Large Businesses, 200+ Employees	5,322

International experience shows why this matters. In France's textiles EPR scheme, smaller producers using simplified declaration routes can face blunter per-item tariffs rather than more granular eco-modulated fees. This reduces reporting complexity, but can make the scheme relatively more punitive for firms with limited influence over design or suppliers.

The lesson for Australia is that its large SME population must be a consideration from the start. SME treatment could include simplified reporting, clear thresholds, phased obligations, practical guidance, and fee structures that reflect both business capability and actual influence over packaging choices. Otherwise, EPR risks penalising the firms least able to change outcomes, increasing the likelihood that costs are passed through to consumers.

⁴¹ "Contribution to Australian Gross Domestic Product", Australian Small Business and Family Enterprise Ombudsman, (2025). Accessed in May 2026 from: <https://www.asbfeo.gov.au/small-business-data-portal/contribution-australian-gross-domestic-product>.

⁴² "Number of small businesses in Australia", Australian Small Business and Family Enterprise Ombudsman, (2025).

The practical implication is that national alignment is a key sensitivity area rather than an administrative detail. A single national register, common reporting logic, consistent producer definitions, aligned material categories, and shared data standards would reduce duplication and improve enforceability. This is also where consumer cost risk enters the design. If fragmented rules add compliance costs that do not translate into recognisable outcomes, those costs may be more likely to be passed through as a ‘cost of doing business’ in that state.

Third, import exposure complicates the link between liability and influence. Australia’s Circular Economy Framework recognises this situation as it notes that the country is “an importer of most of our consumables”. This is highly relevant to packaging EPR, especially where upstream design and manufacturing for products sit outside of the country. A business placing a packaged product on the Australian market may be visible to regulators and able to pay a fee, but may not control the upstream packaging specification, recycled-content choice, labelling, or material format.

This distinction matters because EPR fees only create strong design incentives where the liable party can act on the signal. Where influence is weak, fees are more likely to become operating costs that are passed back to suppliers, absorbed in margins, or passed through to consumers. The producer definition should therefore be built around an influence test as well as an enforcement test: who can be identified, who can report, who can pay, and who can actually change the packaging outcome?

It also matters for how Australia defines successful circularity. Australia’s waste export rules restrict the export of unprocessed waste glass, plastic, tyres, and paper, meaning export pathways increasingly depend on recovered materials being processed to appropriate quality standards. For packaging, this means EPR should not assume that all closed-loop outcomes will be domestic, nor that export is inherently

inconsistent with circularity. The test should be suitability: whether recovered material is clean, sorted, traceable, legally exportable where relevant, and directed to a verified end-market that keeps it in productive use.

Fourth, Australia’s geography creates regional cost and delivery differences. Long distances, low-density regions, and varied local collection systems mean collection, sorting, transport, and reprocessing costs will not be uniform across the country. This is visible in national waste data: Australia’s overall resource recovery rate was 66% in 2022–23, but performance ranged from 82% in South Australia and 73% in the ACT and NSW to 47% in Queensland and 34% in the Northern Territory⁴³. DCCEEW also notes that geographic comparisons should consider differences in data scope and reporting, highlighting remaining national standardisation gaps.

This reinforces the need for a dual design principle: national consistency in rules and reporting, but targeted investment in the system constraints that differ by material, region, and infrastructure maturity. A single national fee signal will not automatically produce equivalent outcomes in every location. This matters for the proceeds direction. If businesses and consumers are expected to fund circularity, the scheme must show where those proceeds go and what they improve. In a dispersed market, proceeds should be directed towards genuine system constraints, including collection access, sorting quality, reprocessing, regional logistics, data and traceability systems, and market development for recovered materials.

Fifth, recycling infrastructure and end-market capacity are uneven across materials, formats, and geographies. In fact, many interviewees described uneven recycling infrastructure as one of Australia’s key constraints. APCO’s 2023–24 packaging data shows a 59% overall post-consumer packaging recovery rate, but this masks sharp differences by material: glass reached 80%, paper and paperboard 66%, wood 58%, metal

⁴³ “Resource recovery and waste materials analysis”, DCCEEW (2024).

55%, rigid plastic 28%, and flexible plastic only 9%. This variation reflects more than recyclability.

Figure 20. Australian Packaging Recovery Performance (2023-2024)⁴⁴

Material Group	Post-Consumer Recovery Rate
Glass	80%
Paper and paperboard	66%
Wood	58%
Metal	55%
Rigid plastic	28%
Flexible plastic	9%
Overall packaging	59%

The 2023 Australian MRF Infrastructure Report shows that kerbside sorting capacity is concentrated in larger, more modern facilities: large MRFs represent only 16% of sites but process 54% of national MSW kerbside throughput, while modern MRFs represent 40% of sites but process 68% of throughput⁴⁵. The same survey shows that Victoria, NSW, and Queensland account for 73% of adjusted national MRF throughput, highlighting that circular packaging policy will land on very different infrastructure bases across the country.

This matters because MRF capability helps determine whether packaging can be sorted into clean, valuable streams for reprocessing. A fee signal may work well where collection, sorting, reprocessing, and end-markets already exist, but perform poorly where the bottleneck is missing infrastructure, insufficient scale, poor feedstock quality, or weak recycled-material demand. Fees, targets, and eco-modulation should therefore be phased according to material readiness, available infrastructure, producer influence, geography, and verified end-market capacity. Otherwise, the scheme risks charging for theoretical recyclability rather than delivering real circularity.

Soft plastics illustrate this dependency. REDcycle suspended collection after processing partners stopped accepting material; its collapse left approximately 11,000 tonnes stockpiled across 44

sites⁴⁶. Any future soft-plastics pathway should expand collection only where there is verified operating capacity, output traceability, contracted demand, and diversified downstream offtake.

Ultimately, these five Australian factors reinforce the international lessons outlined earlier. Stronger schemes combine clear obligations, auditable data, credible enforcement, and transparent use of proceeds. The question is therefore not simply whether producers should pay, but whether obligations are proportionate, influence-based, nationally aligned, and able to improve the system without undue impacts on SMEs or consumers.

These conditions shape the rest of this chapter. EPR should target problems it can credibly solve. Liability should sit with parties that have market visibility and influence over packaging outcomes. Fees should be predictable, phased, and proportionate, with eco-modulation introduced only when data, infrastructure, and alternatives are ready. Proceeds should be ring-fenced for visible improvement, enforcement should deter free-riding, and reporting and audit requirements should reflect business size and risk.

4.2 What outcomes should any future Australian EPR scheme pursue

If EPR passes the instrument-fit test, it should be designed to increase resource productivity within Australia, not simply recover existing waste-management costs. In practice, this means four linked outcomes traced back to Australia's wider circularity objectives: reducing material demand, increasing upstream uptake of recycled materials, improving downstream recycling and recovery quality, and reducing avoidable system friction through nationally coherent rules, data, and governance.

Cost recovery may be part of the mechanism, but it should not be the policy objective in itself. A scheme that raises producer fees but does not improve design, sorting, reprocessing, recycled-content demand, or domestic end-markets risks

⁴⁴ "Australian Packaging Consumption and Recovery Data 2023–24", APCO (2025).

⁴⁵ "Australian Material Recovery Facility Infrastructure Survey 2023", Harford Consulting (2023).

⁴⁶ "Final Determination – Authorisation AA1000673", Australian Competition and Consumer Commission (2025).

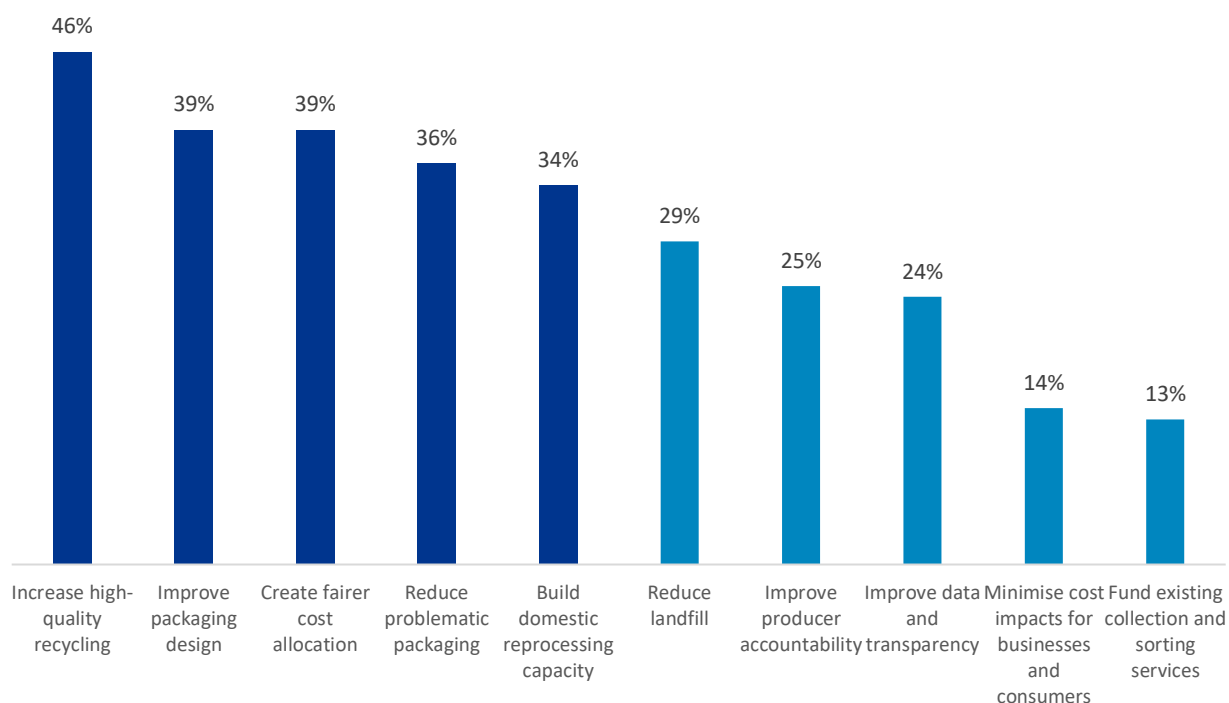
becoming a general tax. By contrast, a scheme focused on resource productivity would ask whether packaging materials are being kept in productive use at higher value, whether recovered materials have credible end-markets, and whether businesses can respond to obligations without disproportionate cost or complexity.

Market evidence also supports a system-improvement objective. In Baringa's survey of 84 packaging-value-chain businesses, more than 55% of them SMEs, the leading barriers were recyclable-packaging costs, limited domestic reprocessing and sorting capacity, unclear design standards, and weak demand for recycled materials. These reflect capability, infrastructure, design, and market failures, not simply who pays.

Figure 21. Market Responses on Barriers to Packaging Circularity in Australia⁴⁷

Barrier selected by respondents	Responses
High cost of recyclable packaging	50%
Limited domestic reprocessing capacity	41%
Lack of clear packaging design standards	36%
Weak demand for recycled materials	30%
Limited sorting infrastructure	29%
Consumer sorting behaviour	28%
Unclear producer responsibilities	24%
Fragmented state / territory rules	22%
Limited access to recycled-content packaging	22%
Limited internal data / reporting capability	17%

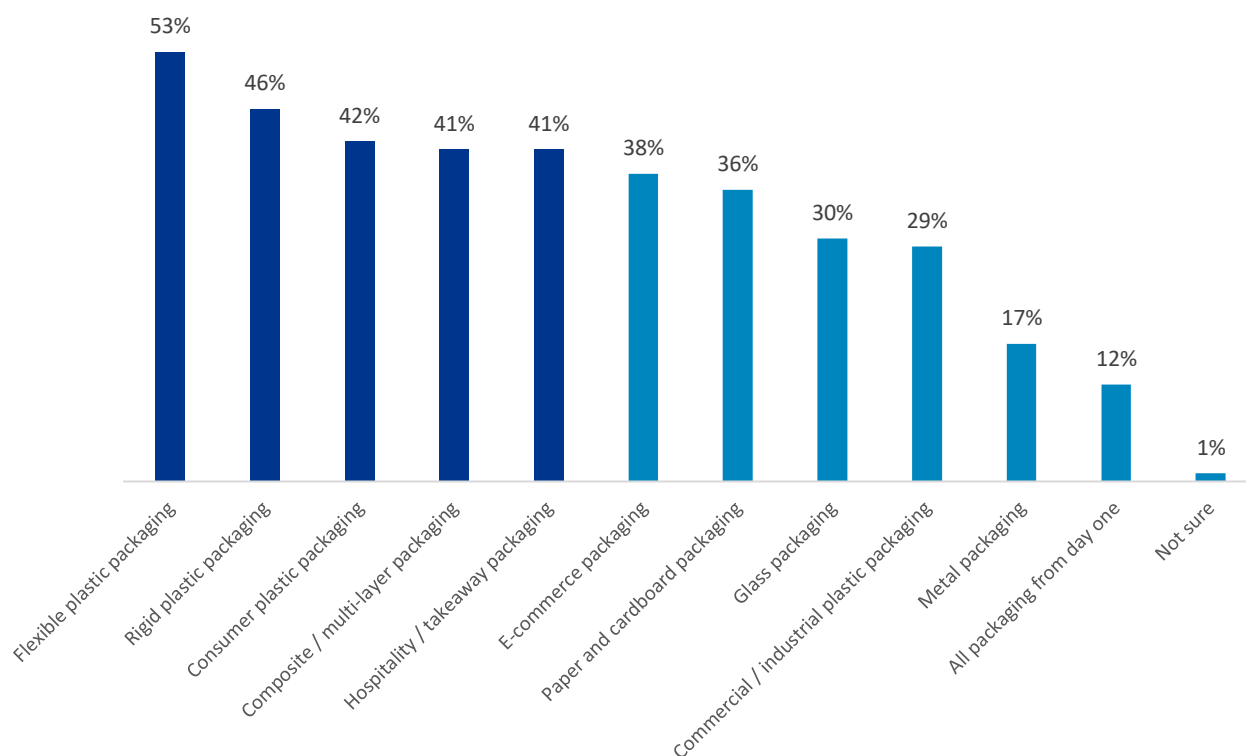
Figure 22. Market Responses on EPR Policy Objective⁴⁸



⁴⁷ "Australian Packaging Value Chain Survey", Baringa (2026); respondents were asked to select up to three options to respond to "What are the biggest barriers to improving packaging circularity in Australia today?". N=84. See Appendix C for more information on the survey.

⁴⁸ "Australian Packaging Value Chain Survey", Baringa (2026); respondents were asked to select up to three options to respond to "If a packaging EPR scheme is introduced, what should its primary objective be?". N=84. See Appendix C for more information on the survey.

Figure 23. Market Responses on Packaging Category Phasing⁴⁹



The survey results support this approach. Respondents placed the strongest emphasis on flexible plastic packaging, rigid plastic packaging, consumer plastic packaging, composite or multi-layer packaging, and hospitality / takeaway packaging. Only 12% selected “all packaging from day one”. This suggests a first phase focused on clear recovery gaps and system bottlenecks, rather than immediate whole-of-packaging coverage. It is also consistent with APCO data showing materially lower recovery rates for rigid and flexible plastic packaging than for glass, paper and paperboard, wood, or metal. However, the fact that close to three-quarters of rigid plastics are classified as having good recycling potential, while only 28% was recovered in 2023–24, shows that Australia’s challenge is not simply producer

accountability. It is also a system-readiness, sorting, reprocessing, and end-market challenge.

For Australia, the primary outcome should be to increase resource productivity within Australia: using less material where avoidable, keeping packaging materials in productive use at higher value, increasing demand for recycled inputs, and improving the quality and traceability of downstream recycling outcomes. Figure 24 translates this objective into four measurable outcomes, with example metrics and case-study risks to avoid.

This is not a presumption that EPR is the only means to achieve each objective. They should guide not only what a potential scheme measures, but also which materials and categories are

⁴⁹ “Australian Packaging Value Chain Survey”, Baringa (2026); respondents were asked to select up to five options to respond to “Which product or packaging categories should be included in the first phase of the scheme?”. N=84. See Appendix C for more information on the survey.

brought into scope first. Phase 1 could prioritise streams where the circularity gap is material, where producer responsibility can influence outcomes, and where proceeds can unlock a practical system constraint. Conversely, materials with limited producer influence, weak

infrastructure, unresolved technical pathways, or high unintended-consequence risk may still require action, but may be better addressed first through standards, labelling, procurement, or infrastructure investment. Figure 25 and Figure 26 offer a view on material phasing logic.

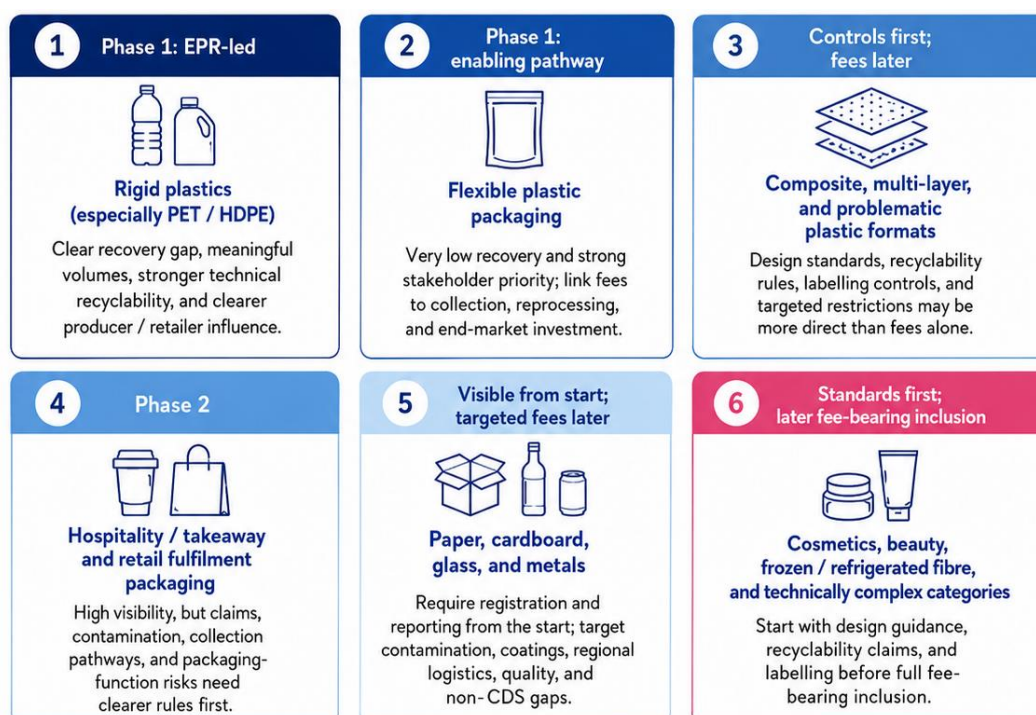
Figure 24. Proposed Australian EPR Objectives

Objective	Example metrics	How EPR can support	What to avoid
1. Increase resource productivity within Australia	% reduction in packaging used per unit of comparable economic output	Incentivise eco-design to reduce unnecessary packaging and fund system bottlenecks that keep material in productive use	Weight-reduction incentives that encourage lighter but harder-to-recycle formats (as seen in France's packaging EPR scheme)
2. Increase upstream recycled-material uptake	% recycled content used by material % obligated businesses using recycled inputs	Support end-market demand through recycled-content rules, public procurement, and market-development proceeds	Collecting more material without creating domestic demand (as seen where France's textile EPR still relies heavily on export markets)
3. Improve downstream recycling quality and recovery	% sorting yield from collected packaging % recovered material with end-market traceability	Invest proceeds in MRF capability, sorting, reprocessing, contamination reduction, and system innovation	Treating collection, energy recovery, or downcycling as equivalent to circularity (as seen in UK WEEE's downstream-heavy model)
4. Reduce friction through national coherence	% obligated businesses registered through a national system	Establish a national register, common material categories, harmonised reporting, auditable data, and proportionate SME pathways	Fragmented state-level obligations that add compliance cost (Germany's LUCID register shows the value of centralised registration)

Figure 25. Material Phasing Decision Framework

Decision	Test	Example assessment	Implication for phasing
1. Circularity gap	Is actual recovery materially below technical recyclability, policy ambition, and productivity potential?	- Recovery rate - Leakage to landfill - End-market quality	Consider high-gap streams earlier; mature streams may need more targeted measures than broad-based fees
2. Volume materiality	Is the stream large enough to justify early scheme effort and investment?	- Tonnes placed on market - Share of packaging waste - Growth rate	Prioritise high-volume or fast-growing streams; other streams may be better addressed through standards
3. Producer influence	Can liable parties influence design, material choice, recycled content, labelling, supplier specification, or market access?	- Ability to influence within 1-3 years - Supplier leverage - Import dependence	Focus EPR obligations where influence is strong; where influence is weak, obligations should be simpler
4. System readiness	Can the material be collected, sorted, reprocessed, and sold into credible end-markets, or can proceeds unlock this?	- MRF acceptance - Domestic/local reprocessing capacity - End-market demand	Prioritise early inclusion where infrastructure exists or a clear investment pathway can unlock the bottleneck
5. Instrument fit and wider risks	Could early inclusion create worse lifecycle, affordability, functionality, or SME impacts, and is EPR the right lead tool?	- Wider LCA or other impacts - SME burden - Consumer pass-through	Assess lifecycle, affordability, functionality, and economic impacts before selecting EPR

Figure 26. Illustrative Sequencing if EPR Passes the Instrument-Fit & Readiness Tests



4.3 Who should be liable, and what should they be liable for

The liability model is one of the most important design choices for an Australian packaging EPR scheme. It will determine who registers, who reports, who pays, who can be enforced against, and whether fees have any realistic chance of changing packaging decisions. For Australia, the starting point should be simple: liability should sit where there is the best combination of market visibility, enforceability, and influence over packaging outcomes.

This matters because Australia's existing packaging stewardship framework has already operated with a form of brand-owner responsibility. Under the Australian Packaging Covenant, businesses in the packaging supply chain with total annual turnover of at least A\$5 million and meeting the NEPM definition of "Brand Owner" are required to either become a Covenant signatory or meet equivalent obligations through state and territory arrangements⁵⁰. Recent reform activity is also moving in the same direction. NSW's Product Lifecycle Responsibility Act 2025 establishes a product stewardship framework for brand owners of regulated products⁵¹.

However, where the NEPM definition followed a commerciality logic (i.e. the party with the closest commercial connection to the packaging product), this may not be as clear cut for an EPR scheme that is focused on changing packaging outcomes, rather than only allocating stewardship responsibility. There are numerous factors that need to be considered including product and packaging design, health and safety requirements, public education and labelling, consumer behaviour and household participation, local

government activities, and downstream infrastructure. Each of these has a role to play. As such, a future EPR scheme would not only need to identify who owns, licenses, franchises, or first sells the product in Australia. It would also need to test whether that party can realistically influence the packaging decisions the scheme is trying to change, including material choice, recyclability, recycled content, labelling, format, and end-of-life performance. This creates an important distinction between being accountable for placing packaging on the market and being able to change the packaging itself. Circular outcomes need the latter.

When asked who should primarily hold legal responsibility under a packaging EPR scheme, respondents did not converge around a single actor (see Figure 27). The most selected option was the packaging manufacturer at 20%, followed by the brand owner placing packaged goods on market at 19%, shared responsibility at 18%, retailer selling to final consumer at 13%, importer of packaged goods at 12%, and first entity placing packaging on the Australian market also at 12%.

Figure 27. Market Responses on Who Should Hold Responsibility⁵²



⁵⁰ The National Environment Protection (Used Packaging Materials) Measure 2011, defines a brand owner as either a) the entity who is the owner or licensee in Australia of a trademark under which a product is sold in Australia, or b) the franchisee in Australia which allows a business to operate, or c) the first person to sell an imported product in Australia, or d) the supplier of packaging to a retailer for in-store packaging, or e) the importer or manufacturer of plastic bags or the retailer who provides them to the consumer. See "National Environment Protection (Used Packaging Materials) Measure 2011", NEPC (2011).

⁵¹ "Product Lifecycle Responsibility Act 2025 No 22", NSW Government (2025).

⁵² "Australian Packaging Value Chain Survey", Baringa (2026); respondents were asked to answer "Who should primarily hold the principal legal responsibility under the scheme (i.e. be liable to pay EPR fees)?" N=84. See Appendix C for more information on the survey.

It suggests that the producer definition needs to be clear enough to enforce, but flexible enough to reflect where influence sits in different routes to market.

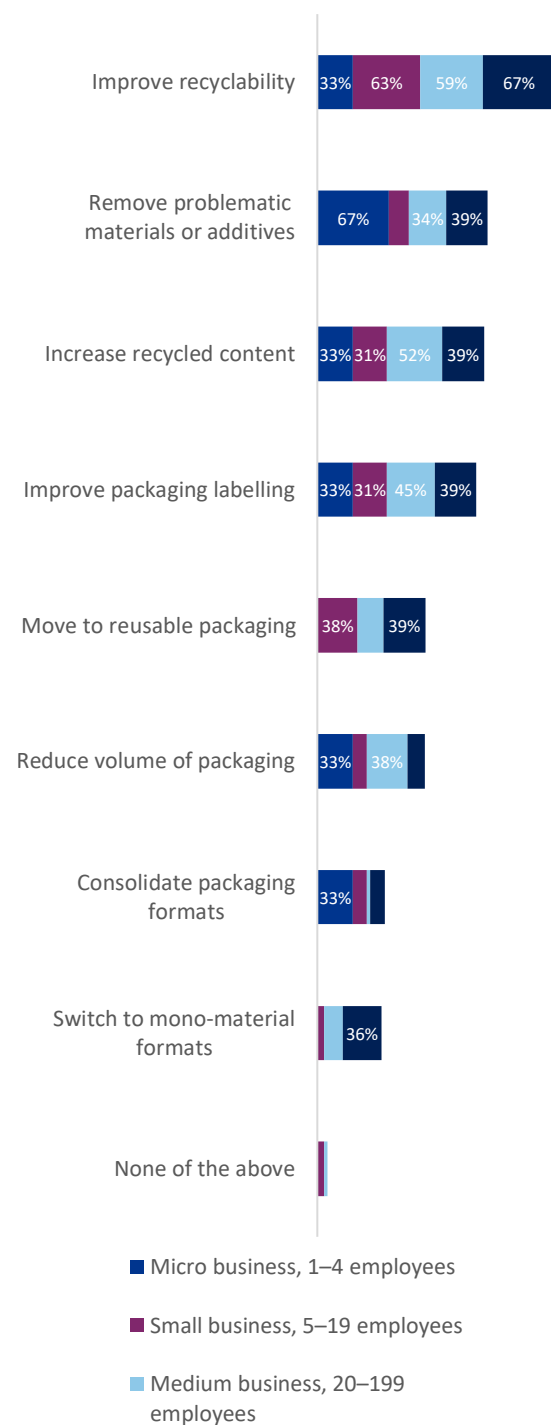
The practical answer is not a fully shared-liability model, where every actor is jointly responsible for everything. That would make the scheme hard to administer, hard to audit, and easier to dispute. Nor should Australia adopt a narrow single-actor model that assumes one type of business always controls packaging decisions. A stronger approach would be a primary-liability model with supporting duties. One clearly identifiable Australian entity should normally be responsible for registration, reporting, and fee payment for a given packaged product. Other actors should then carry specific duties where they hold the relevant data, control the design choice, or control access to the market.

The core design principle should therefore be an enforceability test combined with an influence test (see Figure 29). The enforceability test asks who can be registered, invoiced, audited, and sanctioned in Australia. The influence test asks who can actually change the packaging choices that drive circularity outcomes. Where the two tests point to the same actor, the scheme can place stronger design-linked obligations on that party. Where they point to different actors, the scheme should use primary liability for registration and fees, supported by data, design, or market-access duties in the value chain.

The importance of understanding influence in the value chain is supported by survey responses (see Figure 28), where respondents were far more confident of influencing some packaging changes than others. Across all respondents, the strongest areas of near-term influence were improving recyclability, increasing recycled content, improving labelling, removing problematic materials or additives, and moving to reusable packaging. By contrast, fewer respondents said they could reduce packaging volume, switch to mono-material formats, or consolidate packaging

formats within one to three years. This matters because fee signals will only change behaviour where the liable party has a realistic lever to pull.

Figure 28. Market Responses on Ability to Influence Packaging Design Over 1-3 Years⁵³



⁵³ "Australian Packaging Value Chain Survey", Baringa (2026); respondents were asked to answer "Which packaging changes could your organisation realistically influence within 1-3 years? Select as many as apply". N=84. See Appendix C for more information on the survey.

Figure 29. The Liable Party Test Matrix

		Does the party have influence over packaging design?	
		Low Influence	High Influence
Can the scheme be enforced on that party?	Low Enforceability	Avoid as liable party Actors are hard to identify, register, audit, or sanction, and have limited practical influence. Examples: small offshore sellers with limited traceability; fragmented low-volume overseas sellers.	Avoid as primary liable party Actors may better shape packaging design, but they can also be difficult to enforce against directly in Australia. Examples: offshore brand owners; overseas manufacturers; overseas packaging designers.
	High Enforceability	Avoid as primary liable party Actors can be registered, invoiced, audited, and sanctioned, but may not control packaging choices. Examples: importers of globally specified products; first Australian placers with limited supplier leverage.	Best case for primary liability Actors can be enforced against and can change packaging specification, material, labelling, or recycled content. Examples: domestic brand owners; retailers for private-label products; first Australian placers with specification control.

The results also suggest that influence is not evenly distributed across the market. As expected, larger businesses reported greater ability to influence more complex packaging changes, including mono-material formats and reusable packaging, while smaller firms were more likely to have narrower or less consistent influence. The same pattern appears across the packaging value chain: businesses selling packaged goods, manufacturing or filling products, importing goods, distributing products, supplying packaging materials, and managing waste all sit in different parts of the decision chain. This reinforces the need for a liability model

that separates who pays from who holds data, who controls packaging specification, and who can prevent free-riding.

Australia should therefore avoid assuming that the legally liable party will always be the party best placed to change the packaging. Where the same actor can be registered, invoiced, audited, and can influence packaging design, stronger design-linked obligations are appropriate. Where those roles are split, the scheme should use a clear primary liable

party for registration and fees, supported by targeted data, design, and market-access duties for other actors in the value chain.

International experience outlined in Chapter 3 points to the importance of these two liable-party tests: enforceability and influence. Germany’s LUCID register shows the value of clear, visible, and auditable producer obligations, while Taiwan shows that producer financial responsibility can sit alongside defined operational roles for municipalities, recyclers, and other actors. At the same time, the influence test is equally important. France shows that complex fees can underperform where incentives are not linked to what producers can realistically change, while South Korea shows how mandatory recycling obligations can sit alongside central verification and public funding. Australia should apply comparable obligations regardless of seller domicile or sales channel, including offshore marketplace sales. One enforceable party should hold payment liability, while registration, data, market-access, and design duties sit with actors able to comply and influence packaging outcomes.

4.4 How should fees be designed to avoid disproportionate cost impacts

Fee design is one of the most critical components of EPR scheme design, and where it becomes real for the economy. It is also where the risks become most visible. A fee can create a useful signal to improve packaging, reduce free-riding, and fund system constraints. It can also become a blunt cost that businesses pass through to consumers if it is introduced before the market has the data, supplier leverage, packaging alternatives, or recovery infrastructure needed to respond.

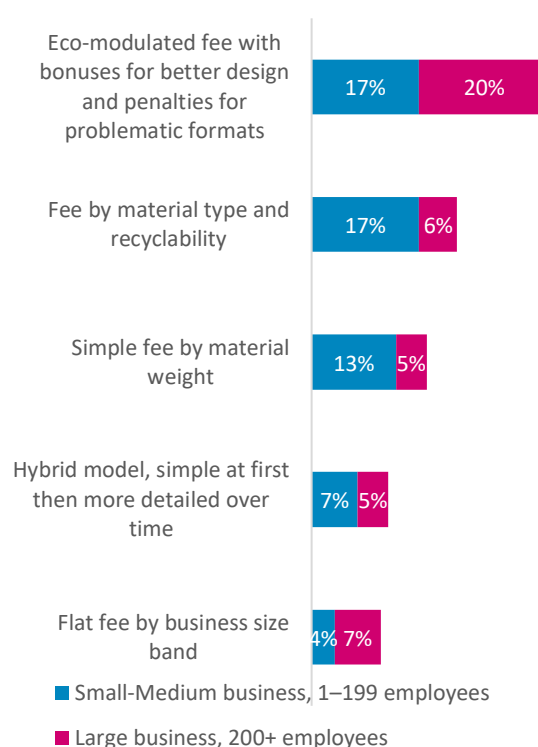
For Australia, this means the fee question should not start with “how much should producers pay?”. It should start with a more practical test: what cost is being imposed, on whom, for what outcome, and can the liable party actually change the result? If those questions cannot be

answered, there is a risk that EPR becomes a new cost layer rather than a circularity tool.

These are some of the lessons highlighted through the case studies shared in Chapter 3. Stronger schemes are not simply those that charge producers, but those that connect fees to clear objectives, enforceable obligations, credible data, and visible system improvement. Weaker schemes show the opposite risk: fee structures can become more complex and more costly without delivering proportionate gains in reuse, design change, domestic recycling, or wider circularity outcomes.

Market responses show that respondents are not asking for a weak or purely flat fee model. When asked “Which fee structure would best balance simplicity, fairness, and circularity outcomes?”, 60% preferred structured models with a majority opting for eco-modulation (see Figure 30).

Figure 30. Market Responses on Fee Structures⁵⁴

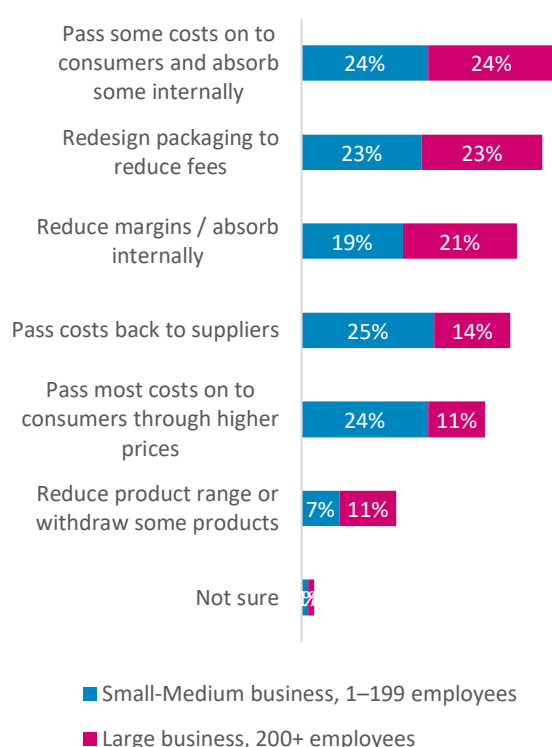


⁵⁴ “Australian Packaging Value Chain Survey”, Baringa (2026); respondents were asked to answer “Which fee structure would best balance simplicity, fairness, and circularity outcomes?”. N=84. See Appendix C for more information on the survey.

However, this should not be read as a mandate for immediate fee complexity, especially considering limits to influence packaging design (see Figure 28). It is better understood as support for fees that are meaningful where businesses can act, and cautious where they cannot.

Eco-modulation should be designed and shadow-tested from the outset, but fee differentials should not commence before the instrument-fit and readiness tests are met. It should reward verified improvements that liable parties can influence, recognise packaging required for health, safety, product protection or regulatory compliance, and distinguish established circular pathways from formats that impose higher system costs.

Figure 31. Market Responses on Business Response to EPR Costs⁵⁵

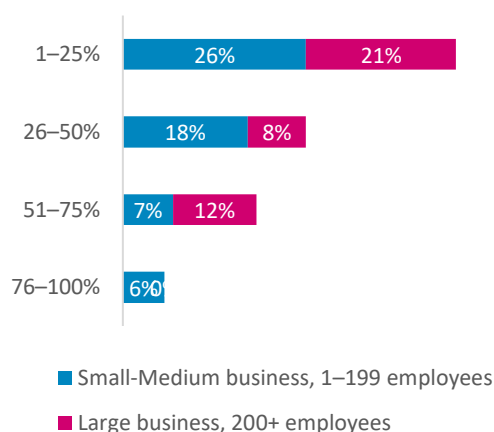


Respondents were required to select a positive pass-through band; this chart shows the expected

extent of pass-through if costs increase, not the share of businesses that would pass through costs.

Market responses saw a significant expectation to use a mix of redesign, supplier negotiation, margin absorption, and consumer pass-through if EPR increases packaging-related costs. At least 48% of respondents said they would pass through some or all costs. This is one of the most important findings from our market responses, especially when coupled with the extent of pass-through expected.

Figure 32. Market Responses on EPR Fee Pass-through to Consumers⁵⁶



This market feedback does not mean Australia should avoid EPR, but it does mean the fee model must carry a higher burden of proof. The survey identifies consumer pass-through as a material design risk. The fee model should therefore be tested against prices, margins, product availability, and SME impacts before charging.

This matters because different types of firms will have different ways to respond. A large grocery or general merchandise retailer may be able to redesign private-label packaging, negotiate with suppliers, or use scale to shift packaging specifications over time. A domestic brand owner may have direct control over packaging design,

⁵⁵ “Australian Packaging Value Chain Survey”, Baringa (2026); respondents were asked to answer “If EPR fees increased your packaging-related costs, how would your organisation most likely respond? Select up to 3.” N=84. See Appendix C for more information on the survey.

⁵⁶ “Australian Packaging Value Chain Survey”, Baringa (2026); respondents were asked to answer “What proportion of EPR-related cost increases would your organisation expect to pass-through to consumers over time?”. N=84. See Appendix C for more information on the survey.

labelling, and material selection. A packaging manufacturer may hold technical data and design expertise, but may not be the party placing the packaged product on the market. An importer of finished goods may be visible to regulators and able to pay a fee, but have limited influence over packaging designed for global supply chains. A small independent retailer, hospitality operator, or e-commerce seller may have even less leverage, and may therefore be more likely to absorb costs, pass them to consumers, or reduce product range.

This is why fee design cannot be separated from liability and influence. An eco-modulated fee can be a useful tool where the liable party can act on the signal, for example by improving recyclability, increasing recycled content, improving labelling, or removing problematic materials. But the same fee can become a blunt cost where the liable party has limited control over packaging design, where alternatives are not commercially available, or where the recovery system cannot process the material. In those cases, the fee may raise money, but it may not change the outcome.

The same logic applies to SMEs. Smaller firms may face the same headline fee structure as larger firms, but they often have less packaging data, less supplier leverage, fewer internal compliance resources, and less ability to absorb costs. SME treatment should therefore be designed into the fee model from the start, rather than addressed later through exemptions or guidance. The aim should be low-burden inclusion: simplified reporting, proportionate fees, thresholds where appropriate, and phased obligations that become more demanding only as businesses have the capability to comply.

This creates a clear design principle for Australia: do not increase fee sophistication faster than the market can respond. Early fees should be predictable and administratively workable. More targeted eco-modulation should be introduced only where three conditions are met: the liable party can influence the packaging choice, the system can recover or reprocess the material, and the fee signal is linked to a clear circularity outcome.

Figure 33. Test Eco-Modulation Before Charging

	What it means in practice
Start with reliable data	Avoid charging complex fees before packaging volumes, material types, and liable parties can be reported with confidence.
Keep fees predictable	Give retailers, brand owners, importers, manufacturers, and SMEs time to plan, negotiate with suppliers, and redesign packaging where they have influence.
Link fees to influence	Use design-linked bonuses or penalties only where the liable party can realistically change packaging outcomes.
Avoid one-size-fits-all	Recognise that private-label retailers, domestic brand owners, importers, marketplaces, packaging manufacturers, and SMEs hold different levers.
Protect SMEs	Use simplified reporting, thresholds, flat fees, or phased obligations for smaller businesses.
Monitor pass-through	Review consumer price impacts, SME burden, margin effects, and product availability before escalating fee levels or complexity.
Tie increases to visible system improvement	Link higher fees to clear use of proceeds, such as sorting, reprocessing, data, traceability, or market development.

Before charging fees, Australia should shadow-test a limited set of eco-modulation attributes using real product and retailer data. Testing should estimate effects on consumer prices, retailer margins, product availability, SMEs, and offshore competition, reflecting the survey finding that 48% of businesses expected some costs to reach consumers. Fees should commence only where testing demonstrates credible incentives, measurable additional outcomes, manageable administration, and proportionate cost.

4.5 Where should proceeds go, and how should spending be governed

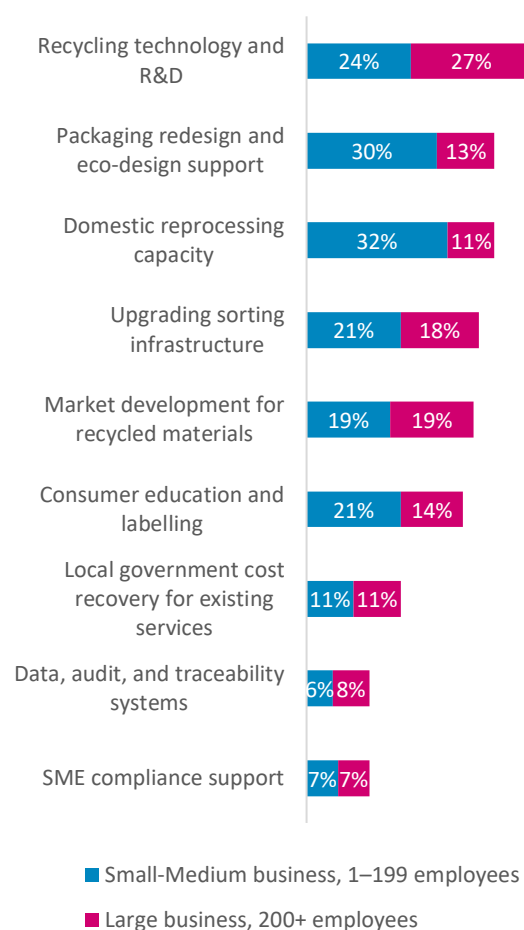
If businesses and consumers are expected to fund a stronger packaging system through EPR-related costs, the scheme must be able to show where the money goes, what it improves, and how it avoids becoming a general levy on packaging. This follows directly from the lessons in Chapter 3.

For Australia, this matters because the biggest barriers identified by market respondents are not only about who pays for packaging waste. They are also about the high cost of recyclable packaging, limited domestic reprocessing capacity, lack of clear design standards, weak demand for recycled materials, and limited sorting infrastructure. Ultimately, use of proceeds is a decision between funding the current system and upgrading the system.

Market responses point towards the latter choice. When respondents were asked how EPR proceeds should be allocated to achieve the greatest improvement in packaging circularity, the strongest responses were directed towards recycling technology and R&D, domestic reprocessing capacity, upgrading sorting infrastructure, packaging redesign and eco-design support, and market development for recycled materials. By contrast, local government cost recovery for existing services ranked materially lower. This suggests that stakeholders want proceeds to fund system transformation and not simply the current waste-management model.

Local government cost recovery may have a role where councils or municipal systems are delivering services that are genuinely required by the scheme. However, it should not become the default use of proceeds. If the majority of funding simply flows into existing collection and sorting arrangements without clear performance improvement, the scheme risks becoming the type of downstream cost-recovery model that global case studies warn against.

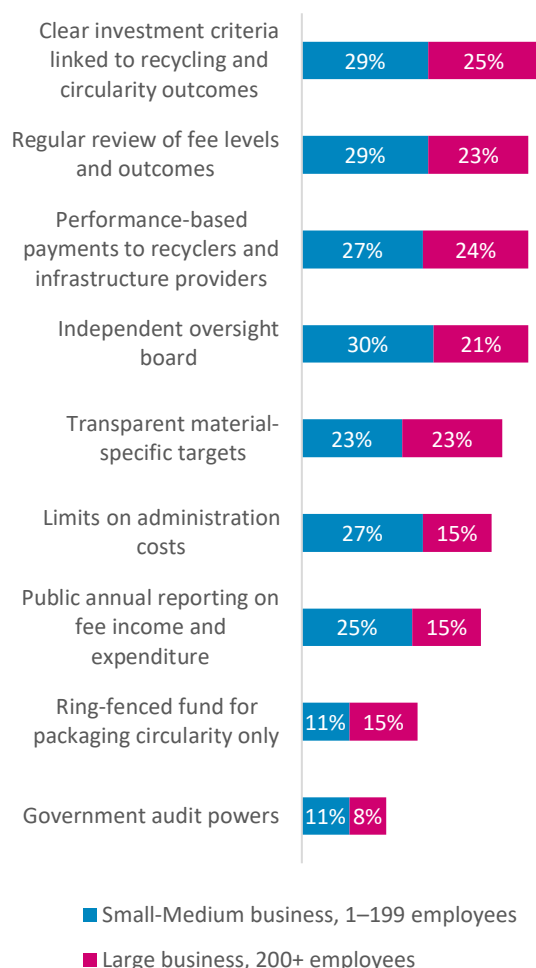
Figure 34. Market Responses on Preferred Allocation of EPR Proceeds⁵⁷



This is where consumer pass-through becomes important again. Figure 31 demonstrates that many respondents expect at least some EPR-related cost increases to reach consumers. That makes use of proceeds the legitimacy test for the scheme. If costs are passed through, the scheme needs to show a credible return in the form of better collection access, improved sorting quality, more domestic reprocessing, stronger markets for recycled materials, and clearer packaging design support. Without that link, EPR risks being seen as another tax on products, businesses and consumers, rather than credible circularity policy.

⁵⁷ “Australian Packaging Value Chain Survey”, Baringa (2026); respondents were asked to answer “How should EPR proceeds be allocated to achieve the greatest improvement in packaging circularity? Select the top 3.” N=84. See Appendix C for more information on the survey.

Figure 35. Market Responses on EPR Proceeds Safeguards⁵⁸



Market engagement results also show that respondents want strong safeguards over how money is spent. The highest-ranked safeguards were clear investment criteria linked to recycling and circularity outcomes, independent oversight, performance-based payments to recyclers and infrastructure providers, regular review of fee levels and outcomes, transparent material-specific targets, and limits on administration costs. These responses are important because they point to governance features that would make proceeds more credible.

Figure 35 highlights the market focus on practical operationalisation: clear investment criteria,

independent oversight, performance-based payments, fee reviews, material-specific targets, and limits on administration costs. These point to several key criteria to direct how proceeds are governed under an Australian EPR scheme.

Figure 36. Example Principles for EPR Proceeds Governance

Principle	What it means in practice
Set clear investment criteria	Funding should be linked to specific constraints (e.g. sorting quality, domestic reprocessing, recycled-content markets).
Use performance-linked funding	Payments to recyclers, infrastructure providers, or delivery bodies should be tied to verified outputs and outcomes, not only activity.
Limit administration costs	The scheme should publish administration costs and set guardrails to avoid proceeds being absorbed by overheads.
Report publicly	Annual reporting should show revenue raised, spending by category, admin costs, performance against targets, and progress by material.
Review fee levels and outcomes	Fee rates should rise, fall, pause, or cease as verified system costs and outcomes change. Revenue collected is not a measure of success.

The proceeds model should balance upstream redesign with downstream capability and vary by material and maturity. To 2030, priorities should include verified gaps in collection, MRF consistency and capacity, sorting, reprocessing, data, traceability, and viable end markets. Post-2030, funding should shift as constraints change towards optimisation, data quality, innovation, reuse, and broader behaviour change. Consumer

⁵⁸ “Australian Packaging Value Chain Survey”, Baringa (2026); respondents were asked to answer “What safeguards should apply to the use of EPR proceeds? Select up to 5 options.” N=84. See Appendix C for more information on the survey.

education should begin early and continue throughout. Material-specific priorities should remain evidence-led rather than assuming every stream needs broad new capacity.

This is also where Australia should avoid overloading EPR expectations. Some barriers may be better addressed through other instruments. Recycled-content requirements, procurement rules, design standards, labelling, and targeted infrastructure funding may be more direct tools for some outcomes (see Chapter 5). EPR proceeds should support those wider policy settings, not replace them. In particular, proceeds should not be expected to solve weak end-market demand on their own unless the scheme is also linked to demand-side measures.

4.6 How should any future obligations be phased

Section 4.2 considered which materials and categories may warrant priority. This section considers how enabling foundations and any subsequent obligations should be sequenced.

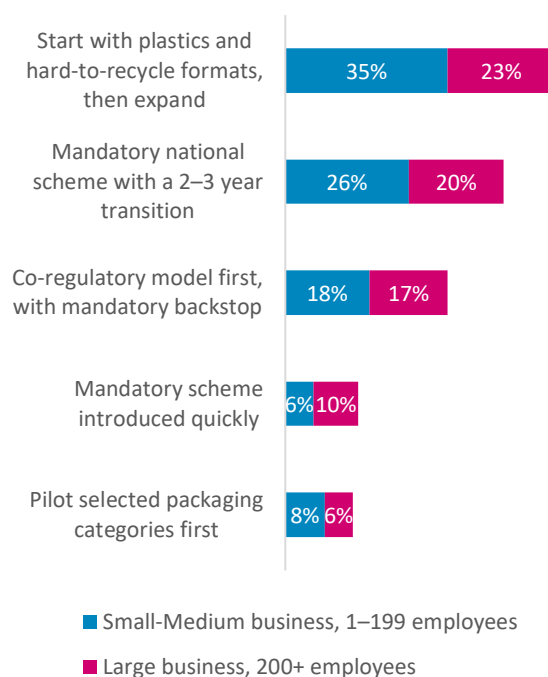
This matters because the risks identified throughout this chapter are implementation risks as much as design risks. A scheme can have the right objective, liable party definition, fee model, and proceeds framework on paper, but still underperform if it is introduced too quickly, enforced unevenly, or made too complex before the market can comply.

Australia should follow a staged, evidence-led process that does not prejudge whether or when fee-bearing EPR obligations commence. Common national definitions, data architecture, market-coverage arrangements, infrastructure and end-market mapping, and a shadow eco-modulation model should be developed and tested first. Any transition to mandatory reporting or fees should be conditional on published net-benefit, affordability, lifecycle, competitive-neutrality, and system-readiness assessments. Reporting, base fees, and eco-modulation should be introduced in separate stages so that costs and market

responses can be assessed before obligations expand.

Market feedback supports this sequencing. Respondents showed strongest support for starting with plastics and hard-to-recycle formats, then expanding. There was also strong support for a mandatory national scheme with a two-to-three-year transition and for a co-regulatory model first, with a mandatory backstop. By contrast, support for a mandatory scheme introduced quickly was lower. This suggests respondents are not rejecting stronger producer responsibility; they are asking for a credible transition.

Figure 37. Market Responses on Implementation Approach⁵⁹



The implementation pathway should therefore follow a simple principle: build confidence before complexity. The first phase should not be about maximising fee revenue. It should be about establishing the foundations and infrastructure that make an EPR scheme credible. These include a single national register, clear producer definitions, baseline reporting, common material

⁵⁹ “Australian Packaging Value Chain Survey”, Baringa (2026); respondents were asked to answer “Which implementation approach would best support a credible but practical Australian scheme? Select all that apply.” N=84. See Appendix C for more information on the survey.

categories, and a practical approach to free-rider detection. This directly reflects the lessons from Chapter 3, where stronger schemes were shown to depend on clear obligations, auditable reporting, credible enforcement, and transparent use of proceeds.

4.7 What does this mean for Australia's EPR design

The design choices in this chapter point to a clear conclusion: Australia should not treat packaging EPR as a simple question of whether producers should pay more. The harder question is whether producer responsibility can be designed in a way that improves packaging outcomes without creating disproportionate costs for businesses and consumers. That requires a scheme that is nationally aligned, proportionate, influence-based, transparently funded, and capable of adapting as market conditions change.

The starting point should be objective clarity. If introduced, Australia's EPR scheme should be designed around high-quality packaging circularity and system improvement, not simply the recovery of existing waste-management costs.

That objective then shapes the rest of the design. Liability should sit where market visibility, enforceability, and influence overlap. Fees should be predictable and proportionate at the start, with targeted eco-modulation added only where businesses can realistically respond (avoiding the challenges highlighted in Chapter 3). Proceeds should be ring-fenced for visible system improvement, especially sorting, reprocessing, market development, data, and packaging redesign support. Implementation should be phased, with credible enforcement and regular review before scope or fee complexity is increased.

Taken together, this implies a model built around five design tests.

Figure 38. Five Tests for Australia's EPR Scheme

Test	What it means for scheme design
Instrument Fit & Net Benefit	Does EPR address a defined market failure more effectively than the status quo or a targeted alternative?
Whole-of-Life Outcomes	Would it improve total environmental outcomes without increasing emissions, product loss, safety risks, or adverse substitution?
Coverage & Influence	Are comparable products covered regardless of domicile or sales channel, and can liable parties influence outcomes?
Affordability & Proportionality	Are household, competition, product-availability, regional, SME, and administrative impacts proportionate to expected benefits?
Delivery & Adaptability	Are systems ready, proceeds ring-fenced, and ineffective obligations able to be amended, paused, or withdrawn?



EPR cannot solve every circularity barrier, and there are alternative instruments. These include standards, demand-side measures, infrastructure investment, labelling, and targeted market incentives.

5 Alternative Instruments

Even well-designed EPR cannot address every barrier to circularity on its own. This chapter considers the complementary tools that may be needed alongside EPR to improve infrastructure, end-markets and system-wide outcomes.

EPR can improve accountability, fund parts of the system, and create incentives for better packaging choices, but it is weaker where the underlying problem is poor design standards, limited reprocessing capacity, thin demand for recycled materials, inconsistent consumer sorting, or packaging formats that are difficult to recycle at scale.

For Australia, this matters because the barriers to circularity are system constraints as much as cost-allocation problems. Market feedback identified the high cost of recyclable packaging, limited domestic reprocessing capacity, lack of clear packaging design standards, weak demand for recycled materials, limited sorting infrastructure, and consumer sorting behaviour as major barriers to improving packaging circularity. These cannot all be solved by producer fees alone. They require a complementary package of design standards, recycled-content demand measures, procurement, infrastructure investment, labelling, consumer participation, and targeted restrictions where necessary.

5.1 Where is EPR strong, and where does it need support

EPR should be used where it is the right fit. It is strongest where the problem is weak producer accountability, free-riding, poor packaging data, or the absence of incentives to improve design. It is weaker where the constraint sits outside the producer's direct control, such as domestic reprocessing capacity, recycled-material demand, local collection consistency, or consumer sorting behaviour.

This distinction should shape the policy package. Where producers can influence the outcome, EPR fees, reporting, and eco-modulation can help. Where they cannot, other instruments should lead, or EPR proceeds should be used to create the enabling conditions.

Figure 39. EPR Suitability Against System Barriers

Example Market Barrier	EPR Role	Complementary instrument
Free-riding and unclear accountability	Strong	Mandatory registration and reporting/audits
Poor packaging design	Medium	Design standards, recyclability rules, and eco-modulation
Weak demand for recycled materials	Limited	Recycled-content requirements, public procurement, and buyer commitments
Limited sorting / reprocessing capacity	Limited	Infrastructure funding
Consumer sorting behaviour	Limited	Labelling regimes and consumer education
Structurally problematic formats	Limited / medium	Restrictions, phase-outs, reuse systems, and mandatory design requirements
SME capability constraints	Limited	Simplified reporting tools, guidance, thresholds, and phased obligations

5.2 What can design standards do

Some packaging problems should not be left to fee signals alone. If a format is consistently hard to collect, sort, or recycle, a higher fee may raise money but still leave the same format on the market. In those cases, design standards, minimum recyclability rules, labelling requirements, or targeted restrictions may be clearer and more effective.

Australia is already moving in this direction. The National Packaging Targets, established in 2018 with an initial 2025 deadline, set a clear direction but were not fully achieved by that date; APCO states that a revised target date will be established. The targets cover 100% reusable, recyclable, or compostable packaging; 70% of plastic packaging recycled or composted; 50% average recycled content; and the phase-out of problematic single-use plastic packaging⁶⁰.

Future reform should build on, rather than duplicate, these tools and the capability businesses have developed around them. APCO's SPGs, PREP and ARL connect packaging design assessment with consumer instructions, and stakeholders noted that many businesses have already invested in their implementation. A national framework should reuse effective data and assessment tools where fit for purpose, while any future eco-modulation recognises verified existing and ongoing improvements that reduce actual system costs or improve outcomes.

Environment ministers have also agreed to reform packaging regulation so that all packaging available in Australia is designed in line with circular economy principles to be recovered, reused, recycled, and safely reprocessed. DCCEEW frames packaging reform as this shift towards materials that are designed sustainably, collected easily, and turned back into useful materials and new products⁶¹.

International precedent points the same way. The EU's packaging rules aim to make all packaging on the EU market recyclable in an economically viable way by 2030, increase the safe use of recycled plastics in packaging, and reduce reliance on virgin materials⁶². This is not an EPR fee lever alone; it is a market-shaping intervention.

The next step is to convert these targets and guidelines into enforceable requirements where the evidence supports doing so. DCCEEW has recognised this in the current reform process, noting that Australia is considering design standards and mandatory requirements as part of a new national regulatory scheme for packaging, including restrictions on chemicals of concern. Such efforts, if done proportionately to what is possible within Australia, will serve to build a stronger foundation for its circular economy.

5.3 How should recycled content rules and procurement be used to create demand

EPR can help collect funds and create design signals, but it does not automatically create demand for recycled materials. Verified international recycled content should be recognised where it meets equivalent chain-of-custody, quality, product-safety, and claims standards and Australian supply is technically or commercially unavailable. This should sit alongside trade-consistent procurement and transition measures that build demand for Australian-reprocessed materials.

Demand-side policy is therefore needed alongside EPR schemes. Recycled-content requirements can create a predictable market for recycled material, while public procurement rules can help build early demand where private markets are thin. This is especially relevant for plastics, where recycled materials can initially incur a premium of 100-300% compared to virgin alternatives⁶³.

⁶⁰ "Australia's National Packaging Targets", APCO (2026).

⁶¹ "Reforming packaging regulation", DCCEEW (2026).

⁶² "Regulation (EU) 2025/40 of the European Parliament and of the Council of 19 December 2024 on packaging and packaging waste", European Parliament and Council (2025).

⁶³ Based on Baringa experience working on chemical recycling projects across APAC and Europe in 2023-2025. Amongst other factors, premiums depend on feedstock supply chains, technology routes, and facility scale size.

International examples show how this can work. California requires plastic beverage containers to contain increasing levels of post-consumer recycled content, rising from 15% in 2022 to 25% in 2025 and 50% in 2030⁶⁴. The UK Plastic Packaging Tax takes a different approach, applying a supplemental fee on plastic packaging manufactured in or imported into the UK that contains less than 30% recycled plastic⁶⁵. These are not perfect models, but they show that governments often use recycled-content rules or tax mechanisms where the objective is demand creation, not just end-of-life funding.

5.4 How can direct infrastructure investment be targeted

Infrastructure funding will still be needed. EPR proceeds can contribute to collection, sorting, reprocessing, data, and market development, but they should not be treated as a replacement for targeted public and private investment. This is especially important in Australia, where recovery performance varies by material and jurisdiction, and where regional collection and transport economics differ significantly.

The 2024 National Waste Policy Action Plan recognises this directly⁶⁶. It identifies investment in infrastructure, procurement, and funding support as one of the national priorities for the transition to a circular economy, including opportunities to support circular design, sustainable procurement, and the use of recycled materials in goods and infrastructure. The Australian Government's implementation plan also includes work to build industry capacity and infrastructure to collect, separate, recycle, and remanufacture recycled materials⁶⁷.

The policy implication is that proceeds and public investment should be targeted to the constraint, not spread thinly across the system. For flexible plastics, this may mean reprocessing capacity, technology development, and end-market

creation. For rigid plastics, it may mean food-grade reprocessing, better sorting, and quality assurance. For glass, paper, metals, and cardboard, the need may be more about contamination, regional logistics, or collection quality than broad new capacity.

5.5 Where are consumer participation and labelling regimes still critical

Packaging circularity also depends on what happens after the consumer uses the product. Producers can improve design and fund the system, but consumers and local collection systems still affect whether packaging is returned and sorted correctly or lost to landfill.

Labelling is critical. The Australasian Recycling Label provides an example model for on-pack recycling information to reduce confusion, save time, and reduce contamination. DCCEEW describes the label as providing easy-to-understand instructions for each part of a product's packaging⁶⁸.

Labelling works best where disposal instructions match the collection and processing options available to households and businesses. If local collection systems vary significantly, or if soft plastics and hard-to-recycle formats lack reliable recovery routes, labels can only go so far. That is why consumer-facing measures need to be linked to collection consistency, infrastructure availability, and product design.

5.6 What other market-based instruments can support Australia's circularity goals

There are many other market-based instruments that could support Australia's circularity goals beyond a packaging EPR scheme. These instruments can create more direct incentives for specific outcomes, such as verified recycling, recycled-content demand, reuse, return rates, and avoided disposal. In some cases, they may be

⁶⁴ "Plastic Minimum Content Standards and Reporting", CalRecycle (2026).

⁶⁵ "Plastic Packaging Tax: steps to take", HM Revenue & Customs (2026).

⁶⁶ "2024 National Waste Policy Action Plan", DCCEEW (2024).

⁶⁷ "National Waste Policy Action Plan: Australian Government Implementation Plan", DCCEEW (2024).

⁶⁸ "Recycling packaging", DCCEEW (2025).

superior to EPR because they target the underlying market failure more precisely, rather than raising producer fees and relying on those fees to indirectly change behaviour.

As outlined throughout this report, the barriers to effective circularity are not just cost-allocation problems. They include weak recycled-material demand, limited domestic reprocessing capacity, inconsistent consumer sorting, regional infrastructure gaps, and difficult-to-recycle formats. Alternative market-based policies that tackle these directly can be more effective.

For example, tradable recovery or recycling credits could create a market price for verified recycling outcomes. Under this model, government would set a national target, define eligible outcomes, accredit recyclers or reprocessors, and allow obligated parties to purchase verified credits. The UK's PRN/PERN system provides an international example, where large, obligated organisations fund an equivalent amount of recycling by buying packaging recycling notes from accredited reprocessors and exporters⁶⁹. Australia already has a domestic analogue in renewable energy: Large-scale Generation Certificates are tradable certificates equal to 1 MWh of renewable electricity, which liable entities surrender to meet Renewable Energy Target obligations⁷⁰.

A second example is recycled-content obligations or taxes, which address weak demand for recycled materials more directly than EPR fees. California requires plastic beverage containers to include rising levels of post-consumer recycled content, while the UK Plastic Packaging Tax applies to plastic packaging that does not meet a minimum recycled-content threshold⁷¹. These mechanisms create a clearer demand signal for recycled material, which can improve investment confidence for reprocessors.

A third example is deposit return schemes, which are better suited than broad producer fees where

the main problem is consumer return behaviour. Lithuania's deposit system increased beverage container return rates significantly in its first two years⁷², while Australia already has state-based container deposit schemes. These systems work because they create a direct consumer incentive and a cleaner material stream, rather than relying on downstream recovery after packaging has entered mixed waste.

These examples are not without caveats. A credit system would need strong safeguards to ensure credits represent genuine additional recycling or circularity outcomes, not just collection, export, or low-quality recovery. Recycled-content obligations would need to recognise Australia's high import exposure, with obligations likely placed on the first Australian placer, importer, or brand owner, supported by supplier declarations, certification, phased targets, and exemptions where recycled content is technically unavailable or unsafe. Deposit return schemes are strongest for standardised, high-volume formats, such as beverage containers, and are less suitable for flexible packaging, composite packaging, or small-format grocery packaging.

Taken together, these instruments show that Australia has more choices than a single packaging EPR model. The practical implication is that Australia should assess EPR against these alternatives before deciding how broad, complex, or costly any scheme should be. The decision should not start with "how should Australia design EPR?", but with a more disciplined question: which market failures should be addressed through producer responsibility, which should be addressed through other market-based instruments, and which combination is most likely to deliver measurable circularity without unnecessary cost?

⁶⁹ "Extended producer responsibility for packaging: recycling obligations and waste disposal fees", DEFRA (2026).

⁷⁰ "Large-scale generation certificates", Australian Government Clean Energy Regulator (2025).

⁷¹ "Plastic Minimum Content Standards and Reporting for Beverage Manufacturers", CalRecycle (2026).

⁷² "Lithuania exceeds container return rate expectations", TOMRA (2026).

Figure 40. Alternative Market-Based Mechanisms

Example Instrument		Barrier addressed	Potential Advantage Over EPR	Applicability to Australia
Tradable recovery or recycling credits	Accredited recyclers or reprocessors generate verified credits for recycling outcomes, which obligated parties can purchase to meet national targets	Limited verified recycling and weak investment signal	Creates a price for measured recycling outcomes, rather than simply collecting producer fees	Relevant where outcomes can be measured and audited, with strong safeguards against double-counting and low-quality recovery
Recycled-content obligations or taxes	Producers, importers, or first placers must meet minimum recycled-content thresholds or pay a charge where packaging falls below the threshold	Weak demand for recycled materials	Creates a direct demand signal for recycled inputs, rather than assuming EPR fees will create end-markets	Relevant for mature streams such as PET, selected rigid plastics, paper, cardboard, glass, and aluminium
Circular procurement and buyer commitments	Public or private buyers commit to purchasing products or packaging with verified circular attributes.	Weak end-market demand	Creates buyer pull for recycled materials and circular products	Relevant where domestic reprocessing depends on predictable offtake and market confidence
Deposit return schemes	Consumers receive a refund when eligible packaging is returned through approved collection points	Low return rates, contamination, and participation gaps	Creates a direct return incentive and cleaner material stream	Strongest for beverage containers and other standardised, high-volume formats
Reuse credits or refill incentives	Businesses receive credits or rebates for verified reuse cycles, refill models, or avoided single-use packaging	Over-reliance on single-use packaging	Rewards avoided packaging and repeated use, not only end-of-life management	Relevant for B2B packaging, transport packaging, e-commerce, and selected retail formats
Landfill levies and disposal charges	Waste sent to landfill or disposal is charged to make recovery, recycling, and reuse more attractive	Low-cost disposal undermining recovery economics	Makes disposal less attractive relative to reuse, recycling, and recovery	Useful where recovery alternatives exist; requires safeguards for illegal dumping and regional inequity



Ultimately, the path forward for Australia is a nationally aligned circularity package: targeted EPR if and where producer responsibility can drive real change, and alternative or complementary other instruments where they can be more effective.

6 Conclusion

The evidence does not support treating EPR as an automatic solution to Australia's packaging challenges. It supports a conditional conclusion: EPR may add value for specific materials and market failures where it outperforms alternative instruments and passes clear net-benefit, lifecycle, affordability, competitive-neutrality, and readiness tests.

This report finds that Australia's objective should extend beyond reducing packaging waste alone. Packaging policy should increase resource productivity, strengthen domestic recycled-material markets, improve recycling and recovery quality, and reduce avoidable system friction through nationally consistent governance, data and standards. Extended Producer Responsibility (EPR) can support these outcomes, but only as one component of a broader circular economy policy framework.

International evidence suggests that stronger schemes share several common characteristics. They establish clear and proportionate producer obligations, provide transparent governance and accountability, direct revenues towards genuine system bottlenecks, and operate alongside complementary measures that stimulate demand for recycled materials and encourage better packaging design. Conversely, international experience highlights the risks of fragmented governance, poorly aligned fee structures, and policies that increase collection without strengthening domestic circularity or end-markets.

Australia's economic and geographic characteristics make careful scheme design particularly important. Its SME-heavy economy, federal structure, import exposure, dispersed population and uneven recovery infrastructure increase the risk that poorly calibrated obligations add cost before delivering visible benefit. Consistent with this, many businesses engaged through this study expected at least some EPR-related costs to be passed through to consumers. This does not argue against EPR, but for more

rigorous scheme design and clearer evidence that obligations will deliver measurable system improvements. Obligations should only be introduced where they are proportionate, linked to producer influence, and demonstrably improve system performance.

Where EPR passes these tests, an Australian model should focus on targeted system improvement rather than broad cost recovery. It should begin with priority materials and formats where recovery gaps are greatest, producers have meaningful influence, and infrastructure and end-markets are sufficiently developed. Primary liability should rest with an Australian market-facing entity capable of influencing packaging outcomes, while fees remain predictable initially before becoming more targeted as data quality, producer influence, and downstream capability mature. EPR revenues should be ring-fenced and transparently invested in measurable system improvements, including infrastructure, domestic end-markets, innovation, data and traceability, and SME capability.

EPR alone, however, will not deliver a circular economy. Design standards, recycled-content requirements, public procurement, infrastructure investment, nationally consistent collection systems and targeted restrictions on problematic packaging all have important and complementary roles. Australia's opportunity is therefore not to replicate overseas schemes, but to combine the strongest elements of international experience into a nationally coherent framework designed around Australia's own market conditions and circular economy objectives.

Australia's immediate priority should therefore be to build the evidence and foundations needed for a sound decision: common national definitions and data, full-market coverage options, infrastructure and end-market mapping, lifecycle and affordability assessment, and a shadow eco-modulation model. If those tests demonstrate that EPR can deliver measurable additional outcomes at proportionate cost, obligations can then be phased in and adapted against published metrics.



Appendix

A Glossary

Term	Definition
APCO	The Australian Packaging Covenant Organisation, which administers the Australian Packaging Covenant and supports packaging sustainability initiatives.
Auditable data	Data that can be checked, verified, and relied on for compliance, fee-setting, and performance reporting.
Circular economy	An economic model that keeps products, materials, and resources in use for as long as possible, reducing waste and reliance on virgin materials.
Circular procurement	Public or private purchasing that favours products, packaging, or materials with circular attributes, such as recycled content or reuse.
Circularity	The extent to which materials are kept in productive use through reuse, recycling, repair, remanufacturing, or substitution away from wasteful models.
Closed-loop recycling	Recycling where material is reprocessed back into the same or a similar application, preserving material value and function.
Container deposit scheme (CDS)	A deposit return scheme focused on beverage containers, used to increase return rates and improve material quality.
Cost recovery	A scheme objective focused on recovering the costs of collection, sorting, recycling, treatment, or disposal from obligated producers.
Deposit return scheme (DRS)	A system where consumers pay a deposit when purchasing eligible products and receive a refund when the packaging is returned.
Design standards	Rules or requirements that set minimum expectations for packaging design, such as recyclability, material choice, labelling, or restricted substances.
Domestic reprocessing capacity	The ability within Australia to process recovered packaging materials into usable inputs, rather than relying on export markets.
Downcycling	Recycling into a lower-value or lower-performance use, often with reduced ability to be recycled again.
Eco-modulation	Where producer fees vary according to packaging characteristics, such as recyclability, recycled content, toxicity, material complexity, or reuse potential.
End-market	The buyer or application that uses recovered material as an input into new products, packaging, or materials.
Energy recovery	Recovery of energy from waste, usually through thermal treatment, which does not keep material in circulation.
Extended Producer Responsibility (EPR)	A policy approach where producers are made financially and/or operationally responsible for the end-of-life impacts of products or packaging they place on the market.
First placer on the market	The first entity to make a packaged product available for sale in Australia, often used to capture importers and domestic suppliers.
Free-riding	When businesses that should contribute to a scheme avoid registration, reporting, payment, or compliance.

Term	Definition
High-quality recycling	Recycling that preserves material value and enables recovered materials to be used in comparable or higher-value applications.
Landfill avoidance	Diversion of material away from landfill, including through recycling, recovery, reuse, export, or other treatment pathways.
Liable party	The entity legally responsible for registering, reporting, paying fees, or meeting obligations under an EPR scheme.
Market-based instrument	A policy tool that uses prices, charges, credits, taxes, incentives, or trading mechanisms to influence behaviour.
NEPM	National Environment Protection Measure. It refers to the Used Packaging Materials NEPM, which supports Australia's co-regulatory packaging framework.
Open-loop recycling	Recycling where material is reprocessed into a different application, which may or may not preserve future recyclability.
Pass-through	The extent to which businesses pass increased costs, such as EPR fees, on to customers through higher prices.
Post-consumer recycled content	Recycled material recovered after consumer use, such as packaging collected from households, businesses, or return systems.
Producer	The entity responsible under an EPR scheme. Depending on design, this may include a manufacturer, brand owner, importer, retailer, online marketplace, or first placer on the market.
Producer Responsibility Organisation (PRO)	A body that helps producers meet EPR obligations collectively, often by managing fees, reporting, contracting, and scheme administration.
Product stewardship	A broader approach where responsibility for a product's environmental impacts is shared across its life cycle, including design, use, recovery, and disposal.
Recyclability	The ability of packaging to be collected, sorted, processed, and converted into usable material in practice, not just in theory.
Recycled content	The share of material in a product or package that comes from recycled sources rather than virgin material.
Recycled-content obligation	A rule requiring packaging or products to include a minimum percentage of recycled material.
Reprocessing	The conversion of collected and sorted waste materials into usable secondary raw materials or new products.
Resource recovery	The process of recovering materials or energy from waste through reuse, recycling, composting, energy recovery, or other recovery pathways.
Sorting infrastructure	Facilities, equipment, and systems used to separate collected materials by type, quality, or end-market use.
System improvement	Improvements on the underlying performance of the packaging system, such as better sorting, domestic reprocessing, traceability, or recycled-material markets.
Theoretical recyclability	Packaging that may be technically recyclable in principle, but is not reliably collected, sorted, or reprocessed at scale in practice.
Use of proceeds	How funds raised through EPR fees are allocated, governed, and spent.

B Common EPR Scheme Types

EPR schemes can be designed in a myriad of formats. The table below summarises common scheme types by the function they are designed to perform, such as cost recovery, collection and recycling, eco-modulation, compliance, or take-back. These are not mutually exclusive models: many real-world schemes combine several functions within a single system. The table provides an illustration of different EPR scheme types.

Scheme Type	Function	Typical Design Features	Example Strength	Example Limitation
Cost-recovery scheme	Transfers waste management costs from the local government to producers	- Mandatory producer payments - Broad material categories - Simpler fee schedules	Improves funding certainty and reduces the public fiscal burden.	Does little to change product design or material choices
Collection and recycling scheme	Increases collection, sorting, and recycling rates	- Producer funding tied to collection/recycling targets - Municipal or operator partnerships	Can improve operational performance and system coverage	Prioritises tonnage over waste prevention or higher-value circularity
Eco-modulated fee scheme	Uses differential fees to incentivise better design	Fees vary by recyclability, toxicity, repairability, or reuse potential	Stronger upstream signal to redesign products	Increases complexity and requires clarity on requirements
Compliance and transparency scheme	Improves registration, reporting, traceability and enforcement	- Producer registration - Market-placement reporting and audits	Helps address free-riding and creates a basis for future tightening	Limited environmental impact by itself
Take-back / operational responsibility scheme	Requires producers to organise or finance reverse logistics and end-of-life handling	- Physical take-back obligations - Retailer/distributor roles with mandated service standards	Strong accountability for end-of-life management	More complex and costly in dispersed or low-density markets
Deposit / return-linked model	Encourages return of specific items through refundable deposits or linked incentives	Consumer-facing refund; central clearing; high traceability	Often high capture rates for targeted items	Best suited to narrower product sets; not a substitute for broader EPR design

C Australian Packaging Value Chain Survey

Baringa conducted a survey in 2026 of businesses across the Australian packaging value chain to understand market perspectives on potential packaging Extended Producer Responsibility (EPR) reform in Australia. The survey was designed to test views on the barriers to packaging circularity, potential EPR objectives, liability models, fee design, SME treatment, use of proceeds, implementation phasing, and the role of complementary policy instruments. The sample is indicative and not statistically representative, and micro business results should be interpreted cautiously due to a minimum number of responses.

The objectives of the survey are:

1. Understand how packaging EPR obligations could affect Australian businesses, especially SMEs.
2. Test preferences on scheme scope, liability, fees, reporting, governance, and use of proceeds.
3. Identify design choices that would make a scheme practical, proportionate, and credible in Australia.

The survey findings are used throughout this report to provide an indicative view of business and value-chain sentiment. They should be interpreted as market feedback rather than a statistically representative sample of the Australian economy.

Survey Methodology

Survey Period	May-June 2026
Survey Focus	Packaging circularity and potential EPR scheme design in Australia
Respondents	84 completed responses
Survey Recruitment	Respondents were recruited through a professional survey panel provider using screening criteria linked to packaging, waste, sustainability, procurement, operations, compliance, or related cost decisions.
Respondent Incentives	Respondents may have received a standard panel incentive for completing the survey, in line with the panel provider's normal practice.
Screening Approach	Analysis included completed responses from respondents with sufficient familiarity with their organisation's packaging, waste, sustainability, procurement, operations, compliance, or related cost decisions. Respondents with no relevant familiarity or no direct packaging involvement were excluded from the analysed sample.
Respondent Confidence Filter	The analysed sample included respondents who were either directly responsible for relevant areas or contributed to relevant decisions / provided input.
Limitations	The survey is indicative and should not be treated as a statistically representative sample. Results may reflect the profile of respondents reached, their level of familiarity with packaging issues, and the weighting of retailers, SMEs, and other value-chain actors in the sample.

Respondent Profiles

Respondent Profile Dimension	Category	Share Of Included Respondents
Organisation size	Micro business, 1–4 employees	4%
	Small business, 5–19 employees	19%
	Medium business, 20–199 employees	35%
	Large business, 200+ employees	43%
Familiarity with relevant decisions	Directly responsible for one or more relevant areas	55%
	Contribute to decisions or provide input	45%
Primary involvement with packaging in Australia	Sell packaged products to consumers or businesses in Australia	46%
	Manufacture, fill, or pack products in Australia	20%
	Distribute, wholesale, or fulfil packaged products	13%
	Import packaged products into Australia	12%
	Manufacture or supply packaging materials	5%
	Collect, sort, recycle, or reprocess packaging waste	2%
	Advise, regulate, or represent organisations involved in packaging	1%

Survey Questions

No.	Survey Question	Response Type
1	How familiar are you with your organisation’s plastic packaging, waste, sustainability, procurement, operations, compliance, or related cost decisions?	Single select
2	Which of the following best describes your organisation’s primary involvement with packaging in Australia?	Single select, with “Other” option

No.	Survey Question	Response Type
3	What is the size of your organisation in Australia?	Single select
4	Which packaging materials do you place on the Australian market, handle, or manage?	Multi-select, with “Other” option
5	What are the biggest barriers to improving packaging circularity in Australia today?	Multi-select, up to 3
6	Which policy approach would you most support for improving packaging circularity in Australia?	Single select
7	Please briefly explain your answer to the previous question.	Open text
8	If a packaging EPR scheme is introduced, what should its primary objective be?	Multi-select, up to 3
9	Which product or packaging categories should be included in the first phase of the scheme?	Multi-select, up to 5
10	Who should primarily hold the principal legal responsibility under the scheme, i.e. be liable to pay EPR fees?	Single select
11	Which packaging changes could your organisation realistically influence within 1–3 years?	Multi-select
12	Which fee structure would best balance simplicity, fairness, and circularity outcomes?	Single select, with “Other” option
13	If EPR fees increased your packaging-related costs, how would your organisation most likely respond?	Multi-select, up to 3
14	What proportion of EPR-related cost increases would your organisation expect to pass through to consumers over time?	Single select
15	How should smaller businesses be treated under the scheme?	Multi-select
16	How should EPR proceeds be allocated to achieve the greatest improvement in packaging circularity?	Multi-select, up to 3
17	What safeguards should apply to the use of EPR proceeds?	Multi-select, up to 5
18	Which implementation approach would best support a credible but practical Australian scheme?	Multi-select
19	Is there anything else you would like to share about how EPR proceeds should, or should not, be used?	Open text

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