

REVIEW OF THE *RECYCLING AND WASTE REDUCTION ACT 2020*

FEBRUARY 2025

The Australian Retailers Association (ARA) and National Retail Association (NRA), which propose to amalgamate into the Australian Retail Council (ARC), represent a **\$430 billion sector** that accounts for **18% of Gross Domestic Product**, and **employs 1.4 million Australians** – making retail the largest private sector employer in the country and a significant contributor to the Australian economy

Our membership spans the full spectrum of Australian retail, from family-owned small and independent retailers that make up 95% of our membership, through to our largest national and international retailers that employ thousands of Australians and support both metropolitan and regional communities every day.

The National Retail Association have valuable insight to share as the leading industry experts in single-use plastic (SUP) bans across Australia, including the potential impacts on business and community organisations and their supply chains. We are active members of government-led taskforces addressing single-use plastics in all jurisdictions. We also assist with the practical implementation of legislation to improve its success, from large-scale business education programs to awareness campaigns. Within the last 5 years, National Retail has been engaged by governments to deliver 15 single-use plastic ban programs to educate and support thousands of retailers, suppliers, charities and community organisations.

Australia's transition to a more circular economy is a shared responsibility between all actors - government, industry, and community, and involves businesses along the entire supply chain, from importers, designers, producers, sellers, users, and recyclers. Committing to a circular economy approach means moving away from a simplistic anti-plastic stance to an anti-waste stance. We must prioritise materials that can be recovered, recycled, and resold thousands of times, including plastic.

Our members have been at the forefront of changes to sustainable packaging, implementing more sustainable packaging, complying with changing regulations, managing compliance at both a State, Territory and National level, and promoting the uptake of programs including the Australasian Recycling Label (ARL) and Container Deposit Scheme (CDS). It is critical that business and industry is recognised for taking these initiatives and are at the very heart of future decisions and development.

According to the CSIRO, Australia has a circularity rate of 5.4 percent. It is imperative to identify areas of the circular economy that provide Australia with a competitive advantage, and to invest in infrastructure and materials that strengthen the circular economy, create additional sorting and processing infrastructure, create additional employment and workforce capabilities, and strengthen our sovereign manufacturing capability while investing in additional research and innovation. Critically, resource recovery efficiency is integral for carbon abatement.

In Australia, despite experiencing high material flows, there is low material circularity. **The majority of materials are exported, and in 2019, it was estimated that while 917 million tonnes were consumed as a share of the domestic market, only 39 million tonnes of materials were recycled.**

Currently, Australia is dependent on unprocessed, raw materials that undergo transformation offshore and are supplied as manufactured imports of high value. Our reliance on imported materials and the reduction in sovereign manufacturing capabilities has meant that as a proportion of Gross Domestic Product (GDP), compared to OECD nations, Australia now has the smallest manufacturing sector. Domestic manufacturing capabilities are around half of the average for OECD countries.

We strongly recommend that the Department of Climate Change, Energy, the Environment and Water, and the Minister establish a dedicated industry advisory board, that can highlight the risks and benefits of the *Recycling and Waste Reduction Act* on meeting recycled content targets, reinforcing domestic manufacturing

capability, and ensuring Australian Industry remains at the centre of future decision making relative to waste and commodity exporting. We look forward to working with the Department and recommending industry and business stakeholders to consult with in further detail.

RESPONSE TO SURVEY QUESTIONS

Please share your insights on the current Act and the operation of voluntary, co-regulatory and mandatory stewardship and the benefits and risks for your organisation. Examples of current stewardship programs:

- **Packaging stewardship under APCO**
- **Battery Stewardship under the Battery Stewardship Scheme**
- **Tyre Product Stewardship Scheme**
- **Mobile Muster Scheme**
- **National Television and Computer Recycling Scheme**

Packaging stewardship under APCO

We do not believe that under the current NEPM regulations, there is consistency or enforcement of regulations for businesses. While we support the work of APCO, and commend the extensive 2030 strategy, we believe that as a co-regulatory body, APCO has not had the legislative or regulatory authority, and critically, support, to enforce regulations, or to prevent businesses from exploiting or not complying with the arrangements as set by APCO. Additionally, industry has not been provided with regulatory certainty, or regulation, and this has impeded the ability of industry to meet the National Packaging Targets.

Inconsistent State and Territory Regulations

Differences between the States and Territories in relation to the implementation of Single Use Plastic regulation and Container Deposit Schemes is both increasing cost and complexity for businesses with national reach and in some cases is misaligning with the National Packaging Targets. While the independence of the states allows governments to implement waste policy tailored to their state's needs and to initiate and stimulate national progress, it can also produce adverse impacts that ultimately produce commercial inefficiencies, undermine commercial confidence for circular economy stakeholders to invest, and reduce potential environmental gains.

As the broader industry operates within national and often global supply chains, alignment across the jurisdictions (global where possible) is critical to providing the scale necessary to drive optimal environmental outcomes. While we recognise and respect that each jurisdiction can legislate in their own right, it is our view that the greatest environmental outcomes will be achieved if the approach to address plastic recycling and pollution is nationally compatible to drive investment in a national supply chain and circular economy. The variations between states, and in some cases councils, further confuses the community and ultimately erodes their trust and participation in recycling.

Inconsistent Kerbside Standards

Consistent and integrated standards along all parts of the supply chain is key to ensuring we lift the recycling rate. For brand owners to invest in new packaging design, including new packaging plant and equipment they require long-term assurance new packaging will be acceptable in kerbside nationwide or alternatively, that the currently deemed 'non-recyclable' item will not be deemed 'recyclable' in the near future due to technological advances.

Brand owners' confidence to invest would likely increase if national kerbside standards were adopted rather than the current council-by-council approach, which results in vast variances in packaging acceptance nationwide. In short, brand owners need greater certainty so they can confidently design products that can be recycled in all MRFs prior to investing capital in new packaging plant and equipment.

The National Retail Association and Australian Retailers Association support the creation of national minimum material quality specifications or standards for each point along the supply chain to maximise the quality, yield and value of recyclate. These standards could apply from inbound and outbound MRFs quality standards to plastic resin input quality standards, hence increasing the supply of quality recyclate that will result in increased availability of food grade plastic packaging and stimulate a circular economy.

Investing in Infrastructure

Recyclable items are those that can be recycled for many rotations are preferable to those that are downcycled to road base or non-recyclable products, those solely able to be turned into compost, and those that must be landfilled. Preference should also be given to items made from recycled content which have retained their recyclability and are vital to a circular economy.

The most recyclable materials are metal, glass, rigid plastic (PET, PP and PE), and uncontaminated paper. Some items, such as soft plastics and plastic-lined paper, are recyclable in other countries but deemed conditionally recyclable until infrastructure is completed. Some items are not recyclable if they are permanently and significantly contaminated by food, such as paper and fibre-based food packaging.

Under existing Container Deposit Schemes, Industry is already required to pay levies which fund both the extensive network of CDS return points and the extraction of CDS containers from traditional kerbside recycling, and have established markets for the materials, and material recovery. Currently, a soft plastics stewardship scheme is operating in Australia, with an opportunity to scale up, and increase capacity. We recommend that domestic policies align to support the intention to increase domestic recycled content availability, and to ensure Australian Industry can invest in, and develop domestic recycling capabilities.

While we understand the intention of recycled content mandates, we submit that current policies and domestic market inability have made it difficult for many businesses to source recycled content. Before mandates can be set, businesses need assurance of adequate volumes and quality, as well as ensuring it can be verified, is suitable for safe functions and is at a reasonable cost so Australian products do not become unaffordable, especially in an international market.

Opportunities

Growing consumer demand for sustainable packaging (e.g., rPET) and global markets for recycled materials (valued at \$13.45 billion by 2027) offer growth potential. Partnerships with retailers could scale collection points.

Recommended Policy Action

Invest in Domestic Recycling Infrastructure: Prioritise funding and policy support for infrastructure that processes highly recyclable materials (e.g., PET, glass, metals) and scales up schemes like soft plastics stewardship and Container Deposit Scheme stewardship, ensuring adequate supply of quality recycled content to meet domestic demand and circular economy goals.

Ensure Recycled Content Availability Before Mandates: Delay recycled content mandates until businesses have assured access to sufficient, verified, and cost-competitive recycled materials, preventing unaffordable price hikes for Australian products while aligning policies to bolster domestic recycling capabilities.

Battery Stewardship under the Battery Stewardship Scheme

Challenges

Low public awareness—many batteries still go to landfill (70% of 18,000 tonnes annually). Limited drop-off sites (3,000+ but unevenly distributed) and high recycling costs for lithium-ion due to safety risks slow progress.

Opportunities

Rising EV and renewable energy demand boosts battery waste volumes, creating a lucrative recycling market (global lithium recycling hit \$7 billion in 2023). Tech advancements could lower processing costs.

Recommended Policy Action

Enhancing battery stewardship in Australia involves refining the Battery Stewardship Scheme (BSS), to enhance scope, participation, and infrastructure. Key steps include mandating participation to eliminate free-riders, building on New South Wales 2025 compulsory legislation and discussions from the 2024 Environment Ministers Meeting to enforce nationwide compliance, lifting collection rates beyond and increasing accessibility is also critical—despite 5,100 drop-off points doubling collections, 55% of batteries are still discarded improperly.

Adding additional rural and regional sites and launching a public awareness campaign for retailers and the public could increase participation and return rates.

Further improvement hinges on expanding processing capacity and safety measures while aligning with energy goals. Current infrastructure manages 148,000 tonnes yearly, but EV battery waste (projected at 137,000–186,000 tonnes by 2036) demands more. High energy costs limit scale—subsidies and government incentives could expand on this.

Safety is critical, and a national Button Battery Safety Strategy and battery and EV standards could reduce risks. Integrating with the National Battery Strategy's 43 GW storage goal by 2040, via tax incentives for recycled content, could drive local demand, leveraging Australia's mineral wealth and the global recycling market.

Mobile Muster Scheme

Challenges

Declining participation—collections dropped from 87 tonnes in 2018 to 44 tonnes in 2022—as consumers hoard old devices. Low awareness and competition from informal e-waste channels hurt uptake.

Opportunities

High-value metals (gold, cobalt) in phones offer recycling profits (\$1,000 per tonne potential). Partnerships with tech firms could integrate trade-in incentives.

Recommended Policy Action

To expand the Mobile Muster program in Australia, boosting engagement and upgrading infrastructure is critical. Partnering with telcos like Telstra and Optus to offer credits at drop-off points, alongside a public awareness

campaign could reverse the hoarding of over 25 million unused phones and highlight recycling benefits, such as recovering metals worth \$1,000 per tonne. Simultaneously, investing in automated sorting technology to process 5.3 million discarded handsets annually, and streamlined ACCC approvals would enhance efficiency, reduce the 90% e-waste landfill rate, and tap into the \$62 billion global e-waste market to position Mobile Muster as a leader in sustainable recycling.

National Television and Computer Recycling Scheme

Challenges

Narrow scope excludes many e-waste types, funding gaps burden councils, and limited processing capacity (148,000 tonnes annually) strains growth. Compliance issues and low public awareness persist.

Recommended Policy Action

Expanding to all e-waste could leverage global markets (\$62 billion by 2030). Local manufacturing of recovered materials (e.g., copper) could boost jobs.

To strengthen the National Television and Computer Recycling Scheme (NTCRS), expanding participation and infrastructure is key to hitting the 80% target by 2026-27.

Encouraging participation for all importers and manufacturers could eliminate free riders broaden the scheme beyond TVs and computers to include items like whitegoods and fund it adequately. A public awareness campaign could boost public drop-offs, addressing the 90% e-waste landfill rate.

Upgrading capacity via investment in automated sorting technology has the potential to increase the current 148,000 tonne limit and streamlined EPA approvals, would manage rising e-waste, recover metals worth \$1,000/tonne, and reduce fire risks.

**Please share your insights on Waste exports and the benefits and risks for your organisation.
Examples of rules include:**

Glass Rules: Exporters are required to hold an export licence and declare each export consignment of waste glass prior to export.

Plastic Rules: Allowing licensed export of waste plastics, sorted into single resin or polymer type and additionally, allowing export of waste plastic that is further processed, such as flaked or pelletised. [Measure EN-PBS-04-02](#) providing information on the licensing and declaration scheme.

While the export rules are beneficial to provide market access for processed waste, ensure compliance with circular economy goals and reduce domestic disposal costs, there are limitations with respect to glass and plastic materials.

The rules allow exports of processed materials—like furnace-ready glass cullet or flaked/pelletised plastics—opening revenue streams in international markets, especially in Asia-Pacific (e.g., China, Malaysia).

By sorting and processing waste (e.g., glass into cullet or plastics into pellets), an organisation aligns with Australia's push for onshore recycling, enhancing its reputation and potentially qualifying for government incentives like the \$250 million Recycling Modernisation Fund.

Exporting processed waste avoids landfill fees—around \$100–150 per tonne in Australia—and stockpile management costs, which increased after the 2021 export ban on unprocessed waste.

Risks for Industry

Regulatory Compliance Costs: Obtaining and maintaining export licences—under the Waste Export Licensing and Declaration (WELD) portal—plus declaring each consignment, adds administrative overhead. Non-compliance risks penalties (up to \$1 million for corporations) or licence revocation, as seen with over 730 tonnes of tyre waste seized last year.

Quality Control Challenges: The Glass Rules demand furnace-ready specifications, and Plastic Rules require single-resin sorting or further processing (e.g., flaking). Contamination—like mixed plastics or dirty glass—can lead to rejected shipments, costing time and money. Only 40% of PET bottles are currently recycled cleanly enough for export-grade rPET.

Market Volatility: Global demand for recycled materials fluctuates with virgin commodity prices (e.g., PET tied to oil at \$1,500/tonne). A drop in demand from key importers like India or Vietnam could leave processed waste unsold, especially if domestic manufacturing uptake remains low.

Post-Consumer PET and rPET Export Dynamics in Australia

Overview

Post-consumer PET plastic, collected via mandatory container deposit schemes (CDS) funded entirely by the beverage industry, is intended for recycling into new rPET beverage bottles to create a closed-loop circular economy in Australia. However, intermediaries are exporting this material as flakes and pellets for global textile and single-use product manufacturing, undermining local recycling efforts. An oversupply of rPET processing capacity—driven by federal and state co-investment—clashes with insufficient feedstock prioritization for domestic plants like Circular Plastics Australia, inflating costs and threatening National Packaging Targets.

Challenges

Export-Driven Feedstock Loss: Intermediaries exploit arbitrage by exporting CDS-recovered rPET flakes (licensed) and pellets (declassified as waste since 2022), bypassing local remanufacturing. This has spiked domestic rPET prices from \$100 to over \$800 per tonne, with further rises expected.

Policy Misalignment: The 2021 Plastic Rules once classified rPET pellets as regulated waste, necessitating local reprocessing. Their recent declassification—plus licensed flake exports—has fuelled mass exportation, starving domestic recyclers of supply.

Capacity vs. Supply Mismatch: Government-backed rPET plants can't operate at full capacity (e.g., Circular Plastics' 70,000-tonne potential) due to feedstock being siphoned offshore, risking viability.

Global Transparency Gap: Exported rPET lacks traceability, complicating compliance with imminent recycled content mandates and exposing Australia to counterfeit imports.

Risks to Australian Industry

Threat to Local Industry: Domestic recyclers, like those producing food-grade rPET bottles, face insolvency without sufficient feedstock, undermining \$250 million in public investment (e.g., Recycling Modernisation Fund).

Circular Economy Failure: Exporting CDS-funded rPET to single-use textiles overseas contradicts the closed-loop intent, inflating costs, and stalling sustainability progress.

Policy Credibility Loss: If CDS fails to deliver circular outcomes, Australia risks losing leverage in international forums like the Plastics Treaty negotiations, weakening its extended producer responsibility (EPR) model.

Market Distortion: Rising rPET prices (\$800+/tonne) due to export-driven scarcity could deter beverage firms from meeting recycled content targets, shifting costs to consumers

Opportunities

Progress on National Goals: Retaining CDS-collected rPET for domestic bottle production ensures Australia meets our National Packaging Targets (e.g., 70% recycling, 30% recycled content by 2025).

Traceability Assurance: Implementing the Recycled Content Traceability Framework becomes feasible—exported materials cannot be tracked beyond borders, but local retention guarantees authenticity and compliance.

Boost to Green Manufacturing: Prioritising local use incentivises investment in Australian recycling infrastructure, supporting jobs and innovation.

Sovereign Capability: Securing rPET supply strengthens resilience amid global supply chain disruptions and geopolitical uncertainty, reducing reliance on imports.

Closed-Loop Leadership: Mandating domestic remanufacturing of CDS rPET into bottles positions Australia as a circular economy exemplar, enhancing global reputation.

Economic Upside: Retaining rPET could grow local manufacturing (e.g., \$213 million rPET market by 2030), leveraging the beverage industry's full funding of CDS recovery.

Regulatory Leverage: Expanding CDS scope to other sectors wanting rPET access forces broader EPR adoption, leveling the playing field.

Supply Chain Control: Prioritizing local food-grade rPET as a “national resource” aligns with tougher recycled content laws, ensuring supply for compliance.

Recommended Policy Action

Support Policies that encourage Domestic Retention: rPET collected through CDS must have support to be remanufactured in Australia, ideally into rPET beverage bottles. As the only sector fully funding material recovery, beverages should have access to rPET, and to demonstrate the feasible viability of Australian Stewardship Schemes and their ability to promote domestic manufacturing and recycling opportunities.

Restore Regulatory Balance: Reclassify rPET pellets as regulated waste or impose export quotas to curb mass outflows, ensuring domestic supply meets demand.

Invest in local manufacturing expansion: Significant industry and commercial investment has been provided for both rPET, and soft plastics recycling. Recyclability, and traceability of recyclate are key policy initiatives, and the Department can support, and enhance stewardship schemes by incentivising, and investing in domestic recycling capabilities.

Without sufficient domestic rPET, the beverage industry—despite heavy investment in CDS and recycling infrastructure—cannot meet recycled content targets. This policy failure risks unravelling CDS’s credibility as a circular economy solution, both domestically and in global negotiations like the Plastics Treaty.

Invest in energy and domestic manufacturing capabilities: Similar grants or low-interest loans could scale rPET plants nationwide, in addition to soft plastics recycling hubs, and targeting regional hubs to cut transport costs.

Pair this with tax breaks for manufacturers using rPET over virgin PET, which costs around \$1,500 per tonne globally but fluctuates with oil prices. This should also apply to recycled, food grade soft plastic to enhance further domestic onshore capabilities, including the current trials across 12 centres in Melbourne. Subsidies could offset the higher processing costs of recycled material, estimated at 10-20% more than virgin plastic due to sorting and cleaning.

Please share your insights on Tyre exports and the benefits and risks for your organisation.

Examples of rules include:

The requirement of exporters to hold an export licence and declare export consignment of waste tyres prior to export.

Specific conditions on the forms of tyres, including:

Tyres processed into shreds or crumb of no more than 150mm for use as tyre-derived fuel

Tyres for retread by an appropriate retreading facility

Tyres to an appropriate importer for re-use as a second-hand tyre on a vehicle

Tyres that have been processed into shreds, crumbs, buffing’s or granules

The majority of tyre exports from Australia today consist of processed or specific-purpose tyres. Before this ban, a significant portion of Australia’s used tyres—estimated at 25 million annually—were exported as tyre-derived fuel or in whole baled form to countries with looser environmental standards, often for use in pyrolysis plants or incineration. Currently, legal exports are limited to specific categories.

Most legally exported tyres from Australia are processed into forms like shreds, crumbs, granules, or buffing’s before shipment. These processed materials are sent to overseas markets for use in tyre-derived fuel (TDF), which is burned in industrial as an alternative to fossil fuels. Shredded tyres can be exported under a waste export licence, and countries like Malaysia or India have been past destinations for such materials, though exact current destinations are now less documented. The process ensures some level of resource recovery, though burning still releases emissions.

Another portion of exports consists of tyres sent for retreading or reuse. These are whole tyres, but they’re destined for verified retreading facilities—often in Asia-Pacific regions—or for use as second-hand tyres on vehicles. This category targets passenger, truck, or aviation tyres that still have functional life, extending their usability rather than scrapping them. The Tyre Stewardship Australia’s Foreign End Market program helps verify

these facilities, ensuring they meet certain standards, though specific volumes and destinations aren't publicly detailed in aggregate.

Since the 2021 ban, whole baled tyre exports are illegal, and enforcement has been ramped up. Over 730 tonnes of waste tyres were seized in the past year by the Australian Border Force and the Department of Climate Change, Energy, the Environment and Water. We understand however, that the intercepted tyres are redirected to domestic disposal or recycling—often stockpiled or landfilled due to Australia's limited processing capacity.

Data on exact export volumes pre-ban estimates suggest around 9–10 million tyres (out of 25 million) were exported annually, mostly as TDF or baled waste. Now, with only processed or reusable tyres allowed, most legal exports still lean toward TDF—given global demand for cheap fuel alternatives. The rest stay in Australia, where recycling into crumb rubber for roads or playgrounds is growing but still handles less than half the total, leaving stockpiles and landfills as a fallback.

The majority of Australia's tyre exports now end up as processed shreds or crumbs for fuel overseas or as retreadable/reusable tyres, with a sharp pivot away from whole waste dumping. The shift reflects a push for onshore recycling, but gaps in domestic infrastructure mean exports remain a key outlet.

Recommended Policy Action

To boost onshore tyre recycling in Australia, a multi-faceted strategy is needed to overcome infrastructure deficits, regulatory weaknesses, and limited market pull, leveraging Tyre Stewardship Australia (TSA) and the 2021 waste export ban.

Expanding processing capacity is critical—Australia discards 450,000 tonnes of tyres annually (56 million passenger tyre equivalents), yet only a third is recycled locally. Facilities like CTS Tyre Recycling's Neerabup plant demonstrate potential and scaling such models via government grants or incentives, could add 50,000–100,000 tonnes of capacity, especially in mining regions.

Strengthening demand is equally vital, as less than 20% of tyre material becomes high-value products domestically, with most landfilled or exported. Prioritising recycled content in public projects—like roads or playgrounds, tax incentives and research and development funding could absorb excess supply and make onshore processing profitable.

Amending the Recycling and Waste Reduction Act to mandate local processing of tyres and streamlining approvals could redirect 8–10 million tyre equivalents home. High energy costs challenge viability, and consistent energy policy is critical for onshore recycling investment. Integrating with the National Battery Strategy's 43 GW goal by 2040 adds circular appeal. Global demand and mining tyre volumes offer growth potential and can increase domestic recycling rates.

What are the benefits, risks and and/or unintended consequences of the Act? How does this impact your industry?

Australia is the only country in the world to have enacted legislation on the export of recycled commodities, through the *Recycling and Waste Reduction Act 2020 (RAWR Act)*. The current approach results in the treatment of manufactured materials as waste, adding cost and delay to the trade of recycled commodities and fundamentally undermining investment in domestic recycling infrastructure, including nearly \$230 million contributed by government through the Recycling Modernisation Fund.

In particular, the current export licensing process is unclear and inefficient, and impedes the trade of Australian recycled polymer commodities. This is a perverse situation, given the unprecedented investment into recycling capability to produce this material, while, at the same time, there are no impediments to importing virgin and recycled polymers into Australia.

Are there other recommendations that Industry can suggest as an alternative to changes to the Waste Act?

Consider incentives to reprocess materials onshore: Inconsistent energy pricing in Australia deters long term investment in recycling plants. In 2022, energy spikes increased to \$300/MWh, and it is estimated that foreign processing is around \$60/MWh as opposed to Australia's estimated \$100/MWh. We encourage the Department to consider subsidies, automation grants, and relief for businesses who are seeking to expand domestic manufacturing capabilities.

Affordable, reliable energy policy is critical to support and enhance Australia's onshore domestic recycling capabilities.

Invest more in Australian manufacturing capabilities: Increasing recycled content mandates, and feedstock via soft plastics pilots, and already established CDS Schemes across Australia can provide the stock to reprocess onshore. Export controls must allow for other materials, fibre and glass to expand onshore recycling capability, and prioritise traceability, and clean streams of materials.

Invest in Infrastructure: There are credible examples of Australian plants that cannot reach full capacity, without secure, affordable feedstock. High electricity costs compound this—running half-empty facilities wastes energy and money, deterring investors.

Do you consider the Act effective in promoting circular economy principles? What are some recommendations your Industry can put forward to improve on this?

Initial costs for Producer Responsibility Organisations

Launching new Producer Responsibility Organisations (PROs) often involves overcoming major hurdles, particularly with entrenched waste challenges. Setting up a PRO requires considerable upfront funding, covering waste collection, sorting, and processing infrastructure, as well as IT systems for monitoring and reporting, and governance frameworks.

To ease this financial strain, PROs could partner with government bodies to split start-up expenses and tap into existing facilities. State Environment Protection Authorities could support this by streamlining approvals for waste-related operations. Additionally, since PROs rely on industry collaboration, they need Australian Competition and Consumer Commission (ACCC) approval, a process that can be slow—offering room to simplify or fast-track applications for PROs.

The impact of Free Riding in Voluntary Stewardship Schemes

The "free rider" issue poses a significant barrier to effective Product Stewardship Organisations (PROs). Companies that reap the benefits of a PRO without contributing funds can deter participation and weaken the scheme's overall impact. Voluntary stewardship programs, such as those for batteries and textiles, are especially

susceptible to this problem. Low participation drives up costs for those involved, creating an uneven burden. Establishing mandatory, transparent regulations could ensure fair cost-sharing across all industry players.

One way to tackle free riding is by requiring participation in PROs, potentially through the *Recycling and Waste Reduction Act 2020 (Cth)*. Section 188 grants the Minister authority to make rules “necessary or convenient” for implementing the Act, which could extend to mandating involvement. However, no prior use of this power for voluntary schemes exists, so its application hinges on the Minister’s alignment with this policy approach.

To boost voluntary engagement without heavy-handed rules (like those suggested for packaging), a more defined legislative structure is essential. This should clarify when schemes are mandatory, co-regulatory, or voluntary, setting timelines and performance metrics for shifting between these models.

Better outreach to affected industries is vital to raise awareness of PRO participation needs and the risks of opting out. For instance, understanding of the National Environment Protection Measure for packaging remains limited among businesses. While industry groups and scheme operators must educate their members, the government should also provide a clear regulatory and community rationale for joining a PRO.

Government agencies should oversee PRO participation requirements, rather than relying on retailers as informal enforcers. Retailers can play a role in PROs, but they lack the authority—or efficiency—to police manufacturers’ compliance, making this an impractical expectation.

Opportunities for Industry and Government Collaboration

Business and industry welcome stronger government regulation on recycling and waste and would welcome government action to support the appropriate infrastructure development through policy and budget action. This should include clarity and regulation for businesses to contribute to this infrastructure through product stewardship, investment, and regulatory certainty.

Harmonised legislation is the most important thing for businesses in Australia. We believe this will lead to improvements in recycling infrastructure and a higher share of recycled materials. This will make it easier for business and industry to comply and to allow industry the opportunity to access to secondary raw materials, and domestic recycled materials.

Clarification on the Minister’s Priority List

The Minister's priority list (See: <https://www.dcceew.gov.au/environment/protection/waste/product-stewardship/ministers-priority-list-23-24>) requires clearer guidelines regarding how and when action is taken for prioritised products.

The Act needs a simplified process for nominating and acting on product stewardship priorities. Currently, products often remain on priority lists for extended periods without any action, leaving industry uncertain about its responsibilities. This can financially penalise companies that take early action.

Conclusion

The National Retail Association and Australian Retailers Association strongly encourage the Department to consult further with industry on the Review of the Commonwealth *Waste and Recycling Act 2020* and we look forward to continued engagement with the Federal Department of Climate Change, Energy, the Environment and Water.

Should you have any questions or wish to discuss this submission, please do not hesitate to policy@nationalretail.org.au