

2030 Strategic Plan Fee Model FAQ

Ensuring alignment with governments' policy direction

- **How does this model align with existing government regulations?**

APCO is implementing the 2030 Strategic Plan concurrently with the Commonwealth Government reforming packaging regulation. The regulatory reform process is being led by the Commonwealth Department of Climate Change, Energy, the Environment and Water (DCCEEW). A [Consultation Paper](#) released by DCCEEW in late 2024 confirmed governments' expectation that APCO implement its 2030 Strategic Plan and that it provide the transition pathway to a reformed regulatory framework. DCCEEW's paper established that:

- Full implementation of APCO's 2030 Strategy is the base case that will remain in place until the reform process is completed and provide the transitional pathway to the reformed framework.
- Full implementation of the 2030 Strategy with stronger regulatory support by governments is reform Option 1
- Reform Option 3 is a Commonwealth-regulated EPR scheme with strong parallels to the 2030 Strategy. APCO supports reform Option 3.

DCCEEW's report on the outcomes of the reform consultation process showed strong support for reform Option 3. Specifically:

- 80% of respondents preferred Commonwealth regulation of packaging, rather than a state and territory-based approach, and
- 65% support Option 3.

APCO is working closely in support of the reform process and will remain closely engaged with governments to ensure that implementation of the Strategy can be aligned as required as the reform process continues.

- **What role will government agencies play in the oversight and enforcement of the new fee model?**

State and territory EPAs have responsibility for ensuring overall compliance and participation of brand owners with the co-regulatory framework. APCO is responsible for compliance with member obligations, including member fees.

- **How does this program compare to international packaging regulations?**

The approach to driving better outcomes for packaging through industry-led interventions in the downstream system set out in APCO's 2030 Strategic Plan aligns

with best practice packaging Extended Producer Responsibility (EPR) schemes globally. In developing the 2030 Strategic Plan, APCO met with several overseas scheme operators to learn from their experience in delivering EPR for packaging. The core measure of eco-modulated fees and intervention in the downstream system to support recycling are the same across multiple schemes. A key difference is that:

- In Australia, we will be working with members only to deliver recycling that is additional to what is already being delivered through kerbside and other systems, not to take on responsibility for the entire system, whereas
- In most overseas schemes, brand owners are responsible for funding the entire packaging collection and recycling schemes.

The intervention costs borne by APCO members to deliver downstream outcomes will therefore be lower than costs borne by brand owners in other countries.

Recycling and end-of-life management

- **Is Australia's current recycling infrastructure capable of handling increased material volumes**
- **How will funds collected from these fees be used to support recycling infrastructure and circular economy initiatives.**
- **Will funds generated be directed toward the related material recycling infrastructure or EPR initiatives?**

For some materials, for example corrugated cardboard, there is an amount of unused capacity within the system that could be used for additional recycling, if economic barriers to additional collection, sorting and end markets can be overcome. Over time, additional capacity would be required to enable higher recycling rates.

For some other materials, notably soft plastics, there is relatively little available reprocessing capacity and the establishment new capacity is a high priority.

APCO will not provide grants or other direct investment in infrastructure. Instead, APCO will create an incentive for private investment through the use of service payments.

Service payments will subsidise operations such as collection and recycling, that will deliver measurable outcomes that would not otherwise be economically viable. They will be delivered into the system through competitively tendered contracts. Where new capacity is needed, the level of service payments will need to be sufficient to incentivise downstream operators to invest in new capacity.

APCO's analysis and consultation shows that service payments will be an effective way to drive investment in new capacity, and that reprocessors will invest in new capacity if they are confident that:

- They will have access to input material of the required quality and quantity
- They will receive operating subsidies sufficient to enable them to place recycled material on the market at a competitive price.

The level of payments provided into the market will need to be sufficient to make up economic shortfalls across the system. In the case of soft plastics, these include shortfalls in collection, sorting and baling, transportation, reprocessing and delivery of the material to viable end markets. For some other materials, shortfalls may be more focused at collection, sorting or end markets.

Incentives for packaging design through the fee model will be important in reducing the overall cost of the downstream system, both by increasing the amount of recyclable material and reducing contaminant and problematic material in recycling streams. Interventions will be informed by detailed material flow analysis for each material stream, and cost models to determine the cost of achieving the required outcomes for each material. This will inform the setting of material fees and enable the fees to align closely with actual costs incurred. Interventions will be costed and the cost recovery model designed to avoid cross subsidization between material streams.

- **Will certain materials be disadvantaged by an EPR fee model?**

Details of the EPR fee model remain under development. Fees for materials placed on the market will aim to incentivise design that reduces the cost of managing the packaging in the downstream system. This will include incentives, possibly through modulating discounts, for features that improve the recyclability of the packaging. Other factors such as the potential for the packaging to be littered, or disruptive in recycling systems, will also need to be considered.

- **How will businesses be able to track and report on the end-of-life outcomes of their packaging.**

APCO will monitor and report on the progress and outcomes of interventions in the downstream system, to enable Members to have confidence in the program and to make use of that information for their own purposes.

- **Will there be incentives for designing packaging that is easier to recycle or reuse.**

Yes, the fee model will create incentives for designing packaging that is easier to recycle. The consultation paper proposed that this be done through modulating discounts, which would be built into the fee model to reward packaging that increases the economic efficiency of the downstream system. Details of the eco-modulation model will be developed through consultation and will give consideration to recyclability thresholds for the ARL and emerging packaging design standards. Possible approaches to modulating discounts can be found on page 31 of the Consultation Paper. Application of modulating discounts will require members to report detailed and accurate packaging data.

Cost and Financial Impact

- **How will fees be phased in?**

Downstream outcomes and the cost recovery model to support them will be phased in over several years, both in relation to the scale of outcomes sought in the downstream system and the scope of the cost recovery model.

Subject to consultation, the model introduced for FY27 will aim to enable programs for the delivery of measurable downstream outcomes to be commenced by the end of FY27 across all key streams, while also enabling members to manage the adjustment to the new model.

For example, for FY27 the model could require reporting of data on key material streams and enable CDS-recycled material and reusable packaging on a second or subsequent rotation to be reported and excluded. More sophisticated reporting, for example a more detailed breakdown of materials and recyclability and exclusion of packaging reported under other EPR and brand owner recycling programs, could be phased in as soon as practicable after FY27.

- **What is the scale of a fee increase Members can expect?**

APCO modelled and assessed three cost / benefit scenarios to estimate the range of costs needed to drive system impact through a new funding mechanism and fee model for member contributions. The three scenarios and comparative assessment are provided in the Appendix of the [Consultation Paper](#). APCO's preferred scenario is Scenario B, as it offers the optimal balance between impact, viability and risk management. This scenario sets out that from FY25, member contributions are estimated to increase from \$14 million per annum in FY26 to:

- Between and \$38.4 and \$41.5 million in FY27, increasing to
- Between \$230.4 and \$272.9 million in FY30

We have created a Consultation Fee Model Calculator which can be used to support the calculation of potential Membership fees in FY27 for the scenarios presented in the Consultation Paper. This calculator can be downloaded via our [consultation webpage](#).

- **Will the base fee continue to increase year on year?**

It is proposed in the consultation paper that the base fee will remain in place and will continue to be levied on all members in the same way it currently is. The 10% increases applied in FY25 and FY26, as set out in the 2030 Strategic Plan, will not be continued after FY26. It is anticipated that any future increases will be in line with the CPI.

- **Will EPR fees disproportionately impact certain businesses**

EPR fees will be tied directly to the type and amount of packaging members place on the market. A key principle in developing this new fee model is to ensure that fees are fair and equitable across APCO's Membership base.

Fee Structure and Modulation

- **How will different packaging materials and formats be classified**

Material fees will be applied on key material types (Fibre, Rigid Plastics, Flexible Plastics, and other materials). In future years, this may be broken down into material sub-categories, for example by polymer type for rigid plastics.

- **Will discounts or exemptions be available for specific materials**

The consultation paper proposes that:

- Materials that members have already paid to recycle should be excluded from modulated fees. In the first instance this would include material recycled through CDS.
- Reusable packaging that is on a second or subsequent rotation would be excluded from EPR fees.
- For packaging that is recycled through other processes, such as EPR schemes, own-brand return schemes and commercial recycling of on-site packaging waste, consideration will need to be given to how these outcomes can be documented and reported with appropriate levels of assurance.
- Actions taken by Members to improve the recyclability of their packaging should be recognised and rewarded through the cost recovery model, and will be consulting on how this could be done through modulating discounts.

The consultation paper also proposes modulating discounts as a way to incentivise packaging design features such as features that improve its recyclability.

- **How frequently will fees be reviewed or adjusted.**

Fees will be reviewed and adjusted annually.

- **Will members have access to an online calculator or estimation tool to better forecast their costs under the new system.**

Yes, we have released a fee calculator tool which Members can use to estimate their indicative EPR fee for FY27. This can be found on the [Consultation webpage](#).

- **How will B2B materials (e.g., pallet wrap, bundle shrink film) be treated under the fee model?**

B2B packaging such as pallets and pallet wrap will be included in the model and subject to fees. As data quality and granularity improves over time, we expect to have different fees applying to B2B and B2C packaging, reflecting their different cost structures in the downstream system. This occurs under comparable international schemes. Where members are already recycling on-site B2B packaging waste, our intention is that the recycled materials would be excluded from the fee model as there will be no further costs to manage them.

- **Should the EPR fee be applied across the entire supply chain instead of just to brand owners?**

APCO's membership will continue to include the full range of businesses obligated under the co-regulatory arrangement, including packaging manufacturers, brand

owners and retailers. All members will continue to pay fees. For the EPR component of member fees tied to packaging, a critical principle will be that each tonne of packaging will be levied only once, ensuring that multiple participants in the packaging value chain do not pay fees for the same packaging. Most likely (but subject to consultation) the fees will be payable by the brand owner that places the packaging on the market. We are working to define the point at which packaging is placed on the market in different scenarios, including both business-to-consumer packaging and distribution packaging.

- **How will APCO work with other Stewardship and EPR Schemes like SPSA?**

APCO is committed to supporting the development and success of packaging stewardship and EPR schemes in Australia, including Soft Plastics Stewardship Australia (SPSA). Many stewardship and EPR schemes contribute towards the National Packaging Targets and deliver valuable outcomes for niche materials. The co-regulatory nature of the Australian Packaging Covenant provides a mechanism to address free riding, which is a significant constraint on some stewardship and EPR schemes. Where appropriate, APCO will seek to work with stewardship and EPR schemes through service contracts to increase recycling, or by providing members with exclusions from fees for packaging recycled by schemes in which they participate.

Packaging Design and Materials

- **How will compostable packaging be treated under the EPR fee model?**

We have not determined how compostable packaging will be treated under the fee model. We will consult on this with members, governments and system stakeholders.

- **Are there incentives for companies investing in innovative sustainable packaging solutions?**

Section 8.4 (p31) of the consultation paper proposes modulating discounts to incentivise sustainable packaging design. Annual reviews of the fee model will provide opportunity to consider innovative solutions as they come to market, so that if they are delivering improved recycling outcomes (e.g. increased material recovery or value), these features can be recognised through modulating discounts in the future.

Data and Reporting Requirements

- **What specific data points will businesses be required to report?**

The model will require reporting of data by key material (soft and rigid plastics, fibre, glass, metal, wood) from FY27. We expect the model will also require reporting of any data needed to verify eligibility for benefits such as exclusion of packaging covered by container deposit schemes, reusable packaging placed on the market for a second or subsequent time, and recycled content. The model will require or enable more detailed reporting in subsequent years, for example separate reporting of B2B and B2C packaging and data to enable modulating discounts.

- **Will third-party audits be required, and what are the penalties for non-compliance?**
- **How will APCO verify the accuracy of the data submitted by businesses?**

We are considering ways to improve data integrity, including the use of third-party audits and incentives. APCO will continue to audit a random selection of its members each year; however, if a member's data has already been verified by a third party, their likelihood of being selected for an audit may be reduced.

We are considering options to address data non-compliance, such as absent or poor data. Options include the use of proxies (for example a member's fee could be determined via a methodology that considers characteristics such as sector and turnover), or expert assessment.

Member Concerns and Support

- **Will there be resources, workshops, toolkits, or direct advisory services for members?**

Following the current consultation process, APCO will publish a roadmap setting out how the 2030 Strategic Plan will be implemented from FY27 to FY30, including the focus and scale of downstream interventions and how the costs of these will be allocated across APCO's members. This will include information on the fee model and fees for each material, enabling members to estimate their fees for FY27. A fee calculator will be provided for this purpose. This will be an update of the calculator that has been provided for the current consultation process, and which is available on the [Consultation Webpage](#).

Existing resources such as the Sustainable Packaging Guidelines will remain relevant under the new model. Members will continue to have access to our Member Services team who are available via email or phone for any support required.

Further tools and resources will be developed as needs are identified, for example through the consultation process.

- **How will APCO engage with members to address concerns and refine the fee structure?**

The consultation paper released by APCO on 7 April 2025 was informed by feedback from members and stakeholders through webinars, meetings and interviews over the preceding 6 months. The consultation process across April and May includes Member forums in most state capitals and online, and an online survey.

APCO encourages all Members and Signatories to participate and provide feedback via the [Consultation Survey](#) by midnight on the **16th of May**. The feedback and input received through this process will help inform the fee model to be adopted in FY27. Some elements of the model will need further consultation and refinement during FY26.

We will be engaging with our Member Reference Group on this work in the first instance. We invite any members that wish to participate in this work to contact us at governmentpartnerships@apco.org.au.

- **Will SMEs receive the same level of support as larger companies?**

All APCO Members will have access to the same level of support.

In recognition that adjusting that SMEs may need more time to adjust to the new fee model, APCO has proposed setting a threshold of \$100 million in annual turnover, for participation in EPR fees in FY27. Members with turnover below \$100 million would not pay EPR fees, but would continue to pay the base fee.

A \$100 million turnover threshold for EPR fees in FY27 would enable:

- SME brand owners to have additional time to develop the robust data collection, assurance and reporting processes needed to inform EPR fees
- Cost-effective administration by containing the expected increase in support that APCO will need to provide to brand owners as they adjust to the new model.

- **When will more information be available on how service payments will be used in the downstream system?**

We are developing resources which will set out more detail on the service payments and how these will support improved recycling rates. These documents will be published at the end of FY25.

Documents to be published following the consultation period include:

- A roadmap setting out the activity, outcomes, impacts and costs expected from FY27 to FY30
- A cost impact analysis of the activity set out in the roadmap.

If you have any questions that have not been covered in this document, please contact APCO at APCO@apco.org.au