



# Australian Packaging Covenant Strategic Plan 2017–2022

Version 2 - January 1, 2019



# 1.0 Background

## 1.1 Scope

On 27 April, 2018, Australia’s Commonwealth, state and territory environment ministers, and the President of the Australian Local Government Association, agreed to establish a sustainable path for Australia’s recyclable waste. In relation to packaging, Ministers agreed to reduce the amount of waste generated and make it easier for products to be recycled. As a first step, Ministers announced a historic target to make 100 percent of packaging in Australia reusable, recyclable or compostable by 2025 or earlier. Ministers committed governments to working with the Australian Packaging Covenant Organisation (APCO) to deliver this target, and endorsed the development of targets for the use of recycled content in packaging.

Following the Meeting of Environment Ministers in April 2018, APCO developed three additional targets, which were put to and endorsed by the APCO Board on 11 September 2018. The four targets, to be achieved by 2025, are:

- 100% of packaging to be reusable, recyclable or compostable
- 70% of plastic packaging recycled or composted
- 30% average recycled content across all packaging
- Phase out problematic and unnecessary single-use plastic packaging through redesign, innovation or alternative delivery methods.

Each target will cover all packaging made, used or sold in Australia, including business and imported packaging.

This plan is an update of the Australian Packaging Covenant Strategic Plan 2017–2022. It provides the broad framework for implementation of the targets in the crucial period to June 2022, at which time a new strategic plan will be put in place for 2022–2027. APCO will also update its rolling two-year Statement of Intent, which will become a more detailed plan to progress towards the targets over a two-year period. The Statement of Intent is developed, reviewed and updated annually by APCO and provided to the Government Officials Group.

## 1.2 Australian Policy Context

The Implementation Plan for the 2025 National Packaging Targets has been developed in the context of increased attention on waste policy in Australia and internationally. This heightened focus is a result of four significant issues:

- Increasing concern about the environmental impacts of packaging waste, such as the harmful effects of marine debris,
- Concern about unsustainable resource consumption and an intent to derive greater value from materials by keeping them in productive use longer, reflected in ideas such as the circular economy,
- Destabilised market conditions for materials recovered through waste collection and recycling systems,
- Recognition that the increasing consumption of packaging will exacerbate these issues if concerted action is not taken.

Governments and organisations around the world are responding to these issues by setting targets like Australia’s 2025 National Packaging Targets. For example, the UK government, along with some major global corporations, have committed to similar targets in partnership with the Ellen MacArthur Foundation, forming the UK Plastics Pact.

The National Waste Policy 2018, proposes five circular economy principles to underpin waste management, recycling and resource recovery consistent with a circular economy. APCO’s approach to delivering the 2025 National Packaging Targets integrates the first three of these principles - Avoid waste, Improve resource recovery, and Increase use of recycled materials.

The correlation between these three principles and the 2025 National Packaging Targets is presented in Table 1.

Table 1: Correlation of the Targets with the National Waste Policy and Circular Economy Principles

NWP Circular Economy Principles	2025 National Packaging Targets
Avoid Waste	Phase out problematic and unnecessary single-use plastic through redesign, innovation or alternative delivery methods
	100 % of packaging to be reusable, recyclable or compostable
Improve Resource Recovery	70 % of plastic packaging recycled or composted
	30 % average recycled content across all packaging
Increase Use Of Recycled Material	

## 2.0 Implementation

### 2.1 Priority Areas and Resources

To deliver the 2025 National Packaging Targets most effectively, APCO has identified three key priority areas –Design, Systems and Education and Materials Circularity. APCO will focus delivery on each of these areas.

#### 2.1.1 Design

Through better design, APCO Members will make packaging that is recyclable, reusable or compostable and reduce problematic and unnecessary waste. APCO will support Members to achieve better design through resources such as the Sustainable Packaging Guidelines (SPGs) and the Packaging Recyclability Evaluation Portal (PREP).

#### 2.1.2 Resources for Design

##### **Sustainable Packaging Guidelines (SPG)**

The Sustainable Packaging Guidelines (SPGs) assist Members and others in reviewing and optimising consumer packaging to make efficient use of resources and reduce environmental impact, without compromising product quality and safety. The guidelines articulate common definitions and principles of 'sustainable packaging' so that all parties in the packaging supply chain work toward the same vision. The application of the guidelines varies depending on the nature of Signatories' operations. Members are required to provide evidence of regular reviews of packaging against the guidelines in their reporting.

##### **Packaging Recyclability Evaluation Portal (PREP)**

The Packaging Recyclability Evaluation Portal (PREP) is a tool for brand owners or packaging designers and manufacturers to assess whether an item of packaging could be classified as 'recyclable' in Australia through kerbside collection. PREP considers how widespread the collection services are for the item, as well as how the item will behave at the Materials Recovery Facility (MRF) and processing facilities. It produces a report for each project that is assessed. A project will list the recyclability classification for each 'separable component' plus the user may nominate a scenario where the separate components are joined at the time of disposal (e.g. bottle and cap).

#### 2.1.3 Systems and Education

Increasing the amount of packaging being recycled, reused or composted will require a focus on the capability and education of stakeholders. APCO will drive systems and education through research initiatives, strategic development and facilitating collaboration between Members and other stakeholders.

#### 2.1.4 Resources for Systems and Education

##### **Australasian Recycling Label Program (ARL)**

The Australasian Recycling Label Program (ARL) is an evidence-based nationwide labelling scheme that provides clear, consistent on-pack recycling information to inform consumers of the correct disposal method and designed to be used in conjunction with the PREP. Following the analysis of packaging through PREP, the packaging recyclability assessment informs the use of the corresponding ARL logo on-pack.

##### **Annual Reporting Tool (ART)**

The Annual Reporting Tool (ART) is a centralised online resource for self-assessment that promotes continuous improvement and capacity-building of all APCO Members. It monitors and tracks Member progress towards packaging sustainability over time.

It allows Members to:

- Access information on the Packaging Sustainability Framework, the basis for evaluation,
- Complete and submit annual reports,
- Access reporting scoring and feedback,
- Monitor and benchmark Members' performance against other APCO Members,
- Submit 1 to 3 year customised Member action plans,
- Review and track packaging sustainability performance over time.

##### **Packaging Sustainability Frameworks (PSF)**

The Packaging Sustainability Frameworks (PSF) aims to provide a consistent and transparent framework for assessing and tracking packaging sustainability. The Framework consists of thirteen independent criteria in three categories: Leadership, Outcomes and Operations.

##### **Research**

The research function underpins several of APCO's activities. These activities are fundamental for APCO to keep informed of opportunities to have a positive impact on a particular sector or a specific packaging-related issue.

##### **Data Analytics**

The data gathered during APCO's strategic projects and operations, (e.g. Brand Audits, ART, PREP and ARL) is captured to identify trends, inform future strategic and tactical planning and deliver the vital reports that inform progress on the 2025 National Packaging Targets.

##### **Sustainable Packaging Information and Resource Interactive Terminus (SPIRIT)**

The Sustainable Packaging Information and Resource Interactive Terminus (SPIRIT) will help industry and consumers to identify packaging formats developed with sustainable materials, such as those containing recycled content.

## 2.1.5 Materials Circularity

To drive commercially viable outputs for recycled material, APCO will support technological and market place initiatives to improve use of recyclable, reusable and compostable packaging materials. APCO will seek to engage stakeholders through working groups and advisory committees and support pilot projects with local governments and stakeholders.

## 2.1.6 Resources for Materials Circularity

### Strategic Partnerships

Partnerships are a means to achieve shared goals. APCO's Stakeholder Engagement Matrix will be used to identify local and global partners to improve our measurement of materials circularity, identify opportunities to improve the value of materials through stakeholder pilot projects.

### Collective Action Group (CAG)

The Collective Action Group (CAG) is a group of experts from the entire value chain for all packaging, from packaging manufacturers, brand owners, retail, civil society, governments and recovery sectors. The CAG will create an agenda to deliver APCO's strategy and monitor progress on the 2025 National Packaging Targets. In doing so the CAG will ensure APCO has a holistic view of materials flows and recovery and identify opportunities to improve their recovered value.

### Working Groups

APCO hosts a range of working groups that focus on:

- Fostering discussions across the packaging supply chain on the environmental impacts of packaging materials,
- Identifying the barriers to the avoidance, reuse, recovery and recycling of packaging materials,
- Working with participants in the packaging value chain to ensure materials are designed, used, disposed of and collected to minimise waste and use of primary resources,
- Identifying opportunities for collaboration and innovation to improve environmental outcomes
- Finding recovery solutions and/or closed loop opportunities for packaging materials.

Further information on APCO's actions against each priority area - and the benefits they deliver - is set out at Appendix A.



## 2.2 Implementation Approach

The 2025 National Packaging Targets will be implemented over three phases, some of which overlap. The first two phases will be completed within the timeframe of the 2017–2022 strategic plan, while the third phase will commence in 2021 and continue into the 2022–2027 strategic plan.

### Foundation Phase: 2019-2020

This period aims to ensure the fundamental groundwork required to support the long-term achievement of the targets is in place. In this phase the focus will be on research, preparing guidance for stakeholders, setting baselines and monitoring frameworks and establishing the CAG, working groups and networks.

### Development Phase: 2019-2022

This period will focus on further building collaboration and networks required for achieving the 2025 National Packaging Targets. Working groups and the advisory committees will come together to identify infrastructure gaps, technology opportunities and solutions to barriers. Research on identified problem areas will commence. This will include pilot projects with local governments and stakeholders.

### Realisation Phase: 2021-2022

This period will deliver outcomes and realise the benefits of strong foundations and collaborative networks established in the previous two phases. This phase will also see the monitoring and evaluation of program outcomes and the scale up of successful pilot projects.

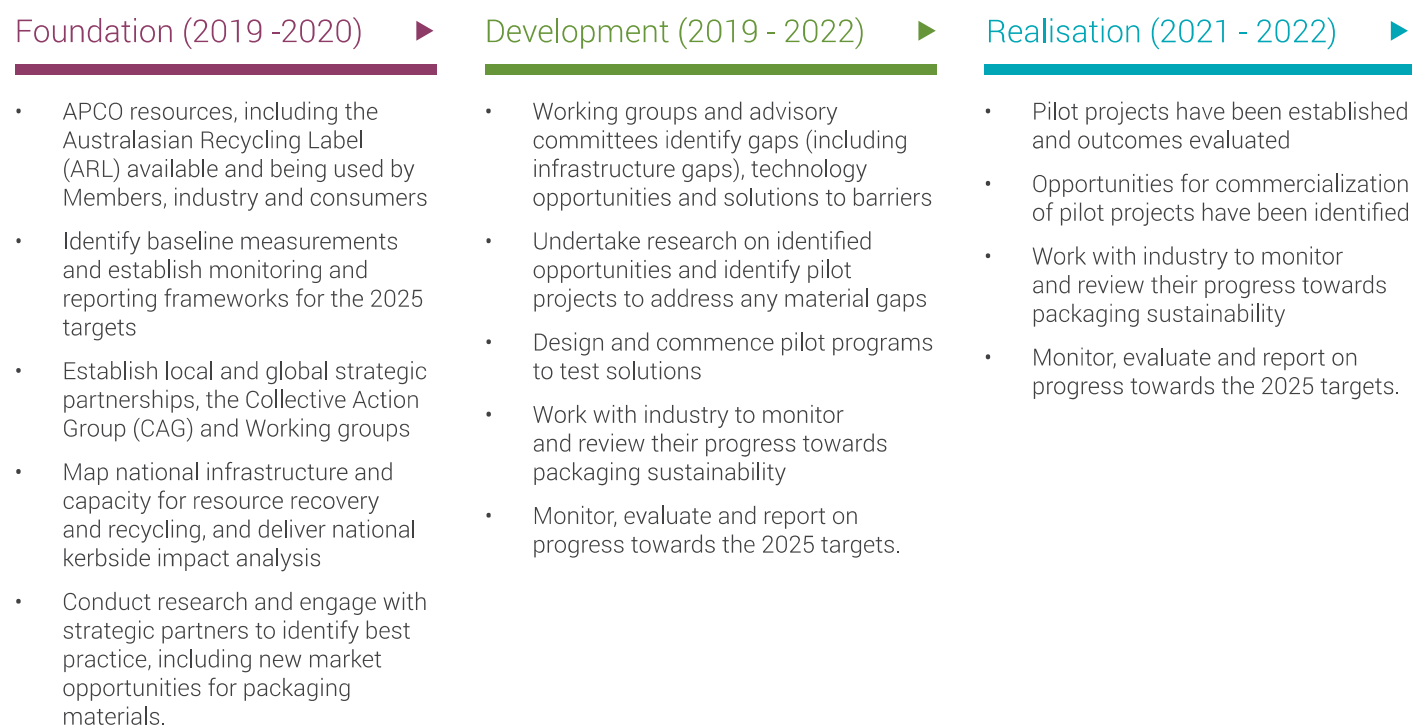


Figure 1: Phased view of the key activities of the implementation plan.

## 3.0 Monitoring, Review and Evaluation

Collecting data and measuring results consistently, in a way that is agreed and implemented by all participating stakeholders, will ensure shared confidence and accountability. Developing shared measures with stakeholders is a significant undertaking and will be a key outcome of the early stages of implementation. APCO monitoring and reporting provides review and evaluation points to drive accountability and transparency for all stakeholders. APCO will report on progress quarterly to the Government Officials Group, see section 3.3 for further information on project governance.

Important in 2019 will be setting the baseline and collating the data sources to establish methodologies to achieve the targets. Other essential activities during this period will include developing an approach to manage non-Member data characterised by companies below the reporting threshold, or opting to report to state and territory governments through the NEPM.

### 3.1 Key Performance Indicators

#### Foundation: KPIs and Measures 2019 to 2020

**KPI 1:** Proven industry engagement with the APCO Packaging Recycling Label program

- Measure: 50% of APCO Members signed up to the PREP and ARL by 2020
- Measure: Number of product Stock Keeping Units (SKUs) that have the ARL applied (target to be determined)
- Measure: 10% of Members signed up to the ARL for recycled content by 2020

**KPI 2:** Baselines identified for the 2025 National Packaging Targets

- Measure: 2025 National Packaging Targets measures established by 2019

**KPI 3:** Partnerships and, CAG and working groups established and delivering tangible outcomes

- Measure: CAG is established and has identified and agreed to baselines for the 2025 National Packaging Targets by 2019
- Measure: Working Groups established by 2019
- Measure: Material Flow Analysis research completed and published by 2019
- Measure: National recycling, composting and resource recovery infrastructure and capacity mapped by 2019
- Measure: Global strategic partnerships have been established that align on critical issues relating to the circular economy, sustainability, packaging and product labelling by 2020

**KPI 4:** Monitoring and Reporting frameworks established

- Measure: 70% of APCO Members have reported on the 2025 National Packaging Targets through the ART by 2020
- Measure: Robust audit protocols for ART, PREP and ARL users have been implemented by 2020
- Measure: Revised Strategic Plan with 2025 National Packaging Targets is implemented by 2019.

#### Development: KPIs and Measures 2019 to 2022

**KPI 5:** CAG and Working Groups have developed tangible outcomes

- Measure: Five research papers published by 2022
- Measure: Pilot projects identified to respond to material gap analysis by 2020
- Measure: Participation and engagement of key stakeholders from across the whole supply chain in the CAG

**KPI 6:** Effectiveness and economic impact of kerbside collections identified

Measure: White paper researching national kerbside collection systems is completed and reviewed by the CAG by 2020

**KPI 7:** Level of engagement across the supply chain with sustainable packaging initiatives

- Measure: Organisations becoming signatories to the Australian Packaging Covenant increasing by 5% annually
- Measure: Diversity of appropriate stakeholders represented within the CAG

#### Realisation: KPIs and Measures 2021 to 2022

**KPI 8:** Pilot projects have been established and outcomes evaluated

- Measure: Number of reports completed detailing the results from the pilot projects by 2022
- Measure: Opportunities identified for commercialisation of the pilot projects by 2022

**KPI 9:** The 2025 National Packaging Target measures are on track

- Measure: Key baseline measures identified in the fundamentals phase are monitored and measured annually by 2021
- Measure: Reporting on measures identifies that targets are on track to be achieved by 2025.

Additional KPIs and measures for the realization phase will be considered as part of the 2022–2027 strategic plan.

## 3.2 Critical Success Factors

A number of critical success factors have been identified as necessary for the delivery of the 2025 National Packaging Targets.

1. Mandatory uptake of the PREP and ARL by APCO Members to drive market saturation and broad consumer awareness,
2. Mandatory application of the Sustainable Packaging Guidelines by Australian brand owners who are signatories to the Australian Packaging Covenant,
3. Investment in research and development, commercialisation and collection and recycling infrastructure to ensure that all packaging formats can be reused, recycled or composted,
4. Effective operation of the National Environment Protection (Used Packaging Materials) Measure 2011 (NEPM)
5. Sustained engagement by all key stakeholders to ensure collaborative outcomes across the whole supply chain,
6. Consistent membership growth, ongoing membership retention and compliance with Covenant obligations

The PESTEL and SWOT analysis at Appendix B provides more information on the internal and external factors that will need to be monitored and navigated.

## 3.3 Project Governance

Oversight of APCO's delivery of the Covenant is provided by the Government Officials Group (GOG), which is established under the covenant and comprised of representatives of the Commonwealth and State and Territory governments.

The GOG meets twice yearly with APCO and APCO provides quarterly and annual reports to the GOG on its activities and outcomes. Using this forum, APCO will report on progress on delivery of the 2025 National Packaging Targets — including against the Key Performance Indicators identified at 3.1. The GOG provides the forum to review performance, including the effectiveness of the plan, and agree to any changes that will be required to ensure achievement of the targets.

The governance arrangements supporting the implementation of the 2025 National Packaging Targets are as set out in Figure 2.

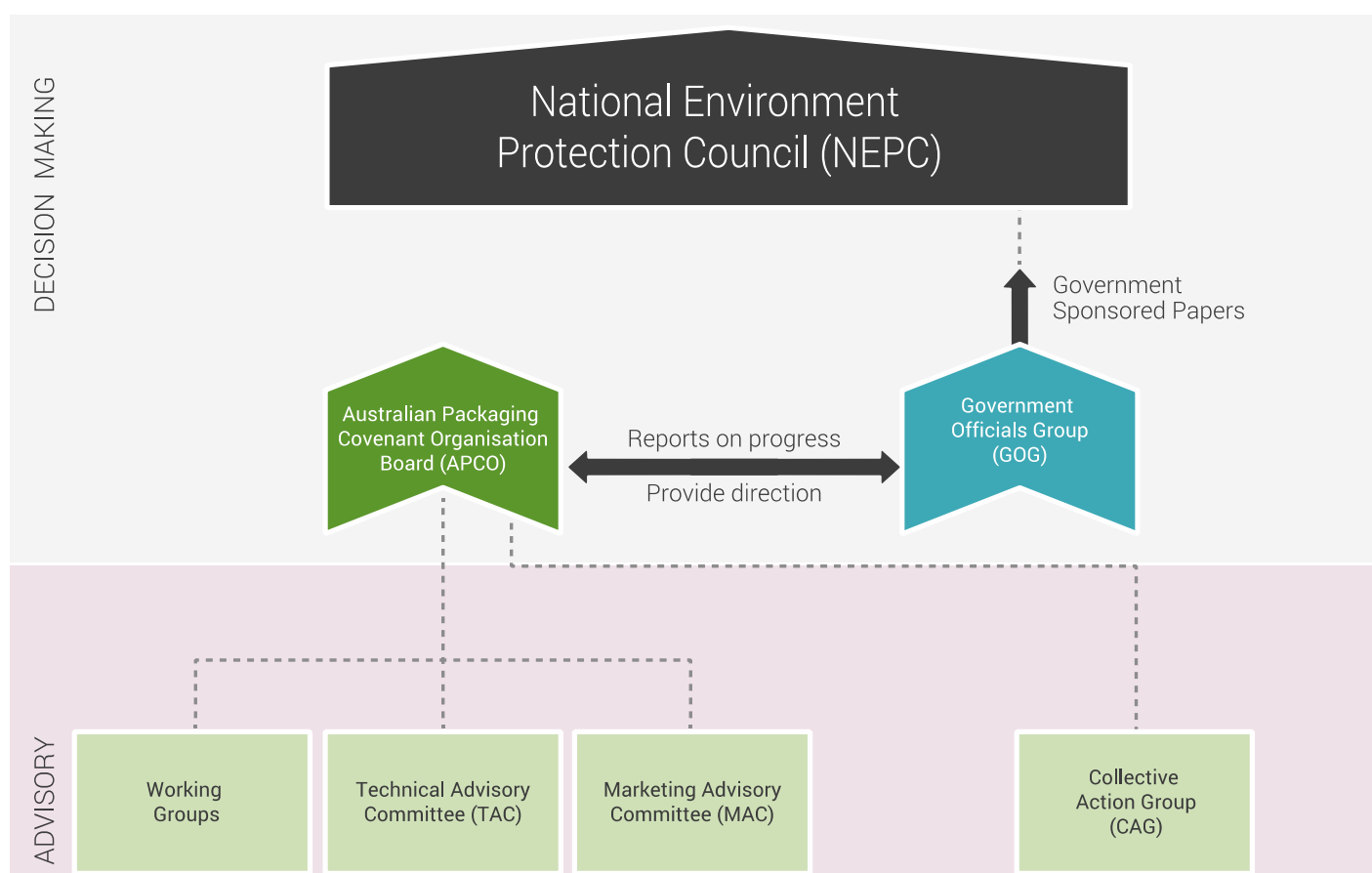


Figure 2: Governance arrangements supporting the implementation of the National Packaging Targets.

# 4.0 Roles and Responsibilities

The delivery of the 2025 National Packaging Targets requires the collaboration of many stakeholders and has a range of interdependencies. The role of APCO can be summarised as:

- Fostering and strengthening whole-of-supply chain collaboration, to deliver better outcomes through shared knowledge, expertise, networks and actions,
- Undertaking and supporting work to identify and address technical and knowledge barriers,
- Empowering, enabling and influencing individual companies and industry sectors to do better than they otherwise would.

APCO does not hold all the levers needed to meet the targets. Rather, APCO will play a coordinating strategy-setting and administration role to drive collaboration throughout the supply chain between all three tiers of government, APCO’s Members, the waste and recycling sector and other stakeholders. Figure 3 sets out an overview of some of the areas of influence of the key six stakeholder groups:

1. APCO,
2. APCO Members,
3. Local government,
4. State government,
5. Federal government,
6. Recycling industry.

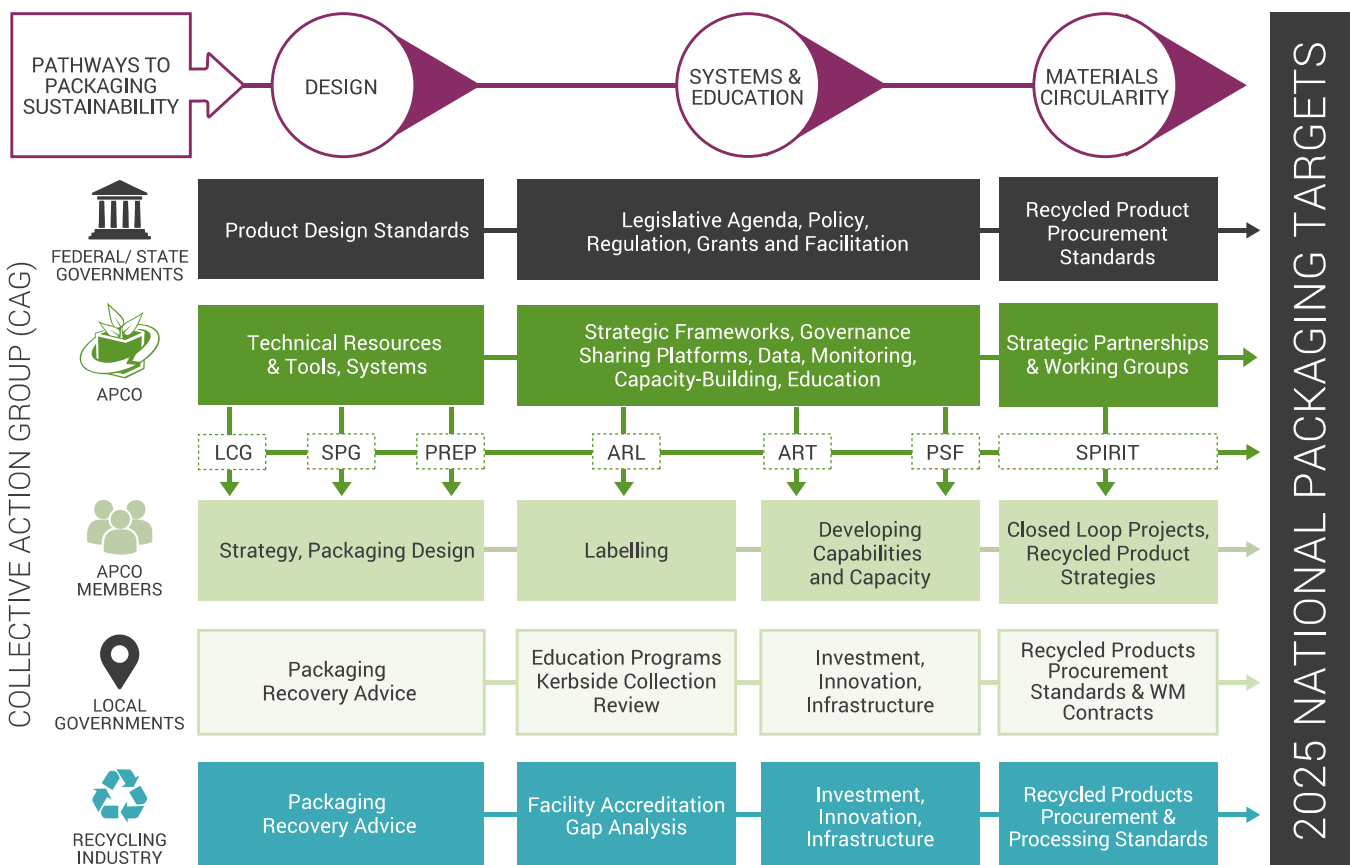


Figure 3: Sustainable Packaging Pathway and Stakeholder Activities.



## 4.1 Stakeholder Engagement and Partnerships

The successful implementation of the 2025 National Packaging Targets will include APCO creating a Collective Action Group (CAG) that will monitor the progress towards the 2025 National Packaging Targets. The CAG will be comprised of representatives from across the supply chain and government and will develop a common agenda to support and ensure the delivery of the targets. APCO will also establish Working Groups and Strategic Partnerships. These three stakeholder engagement processes operate at three different levels: Global, Strategic and Operational.



Strategic Partnerships are mutual collaboration agreements to share information which would not otherwise be readily available to APCO. These partnerships are to ensure consistency with global policy and initiatives and ensure APCO's activities are suitable for multinational companies. Strategic Partnerships contribute to progress towards common goals (e.g. 2025 National Packaging Targets) through collaboration on research developments, progress monitoring and reporting methodologies.



The Collective Action Group (CAG) is a group of experts from the entire packaging value chain, from packaging manufacturer, brand owners, retail, civil society, governments and recovery sectors. The CAG will co-create an agenda to monitor progress on the 2025 National Packaging Targets. The CAG will ensure the implementation of APCO's plan reflects the views of a wide range of stakeholders and builds on the expertise from its representatives.



Working Groups seek to address recovery and recycling issues for particular materials, packaging formats or industry sectors. These national, collaborative forums bring together manufacturers, brand owners, independent experts, resource recovery and recyclers and all levels of government. The Groups aim to identify actions to improve recovery outcomes and create local closed loop solutions for the issues identified.



## 4.2 Role of Government

The roles of the Commonwealth and State and Territory governments in providing oversight of and support to the operation of the NEPM and Covenant are set out in the NEPM and the Covenant. These roles include ministerial oversight through the National Environment Protection Council, enforcing compliance with the NEPM and collecting and reporting packaging data.

In addition to their role in overseeing implementation of the NEPM and Covenant, the Commonwealth and State and Territory governments can influence the effectiveness of actions by APCO, its Members and partners. APCO will therefore seek opportunities to further align actions to deliver on the targets, with the objectives of governments, including by:

- Supporting development of national, state and territory waste and circular economy policies and strategies,
- Discussing opportunities to support waste management and resource recovery through infrastructure plans and grants programs,
- Exploring opportunities to realise broader government objectives, including productivity and other economic and social benefits, through improvements to the packaging and waste value chains and circular economy.

The support of local governments is also of vital importance to effective delivery of the targets, as local governments have day-to-day responsibility for managing a substantial proportion of Australia's packaging waste. APCO will seek to strengthen its engagement with the Australian Local Government Association, the State and Territory local government associations and interested regional groups and councils.

APCO will seek opportunities to align with local government objectives, support local government initiatives and learn from local government experiences. For example, APCO will seek opportunities to engage with local governments on:

- Programs aiming to phase out single use plastic packaging,
- Trials of different approaches to kerbside collections (e.g. including or excluding certain materials or packaging types),
- Collation and dissemination of information on experiences and lessons learned in different jurisdictions.

## 5.0 Finance

The financial position of APCO is managed within the scope of the following principles:

- Operational surplus - Income should exceed costs with the result that a given reporting period should provide a minimal surplus.
- Liquidity – As a paramount consideration for APCO, the minimum monthly cash reserves throughout a reporting period will aim to be in excess of one year's operational costs plus staff entitlements.
- Prudence - A conservative approach is deployed in estimating the amount of revenues recognized in each reporting period. Conversely, the approach to budgeting for costs is to ensure that they are not underestimated.
- Prioritisation of activities – Annual budgets seek to account for those operational activities that are most important for APCO to achieve its commitments to the delivery of the 2025 National Packaging Targets.
- Going concern – Financial statements are prepared on a going concern basis.

APCO anticipates that matters such as funding for research, development, commercialisation and infrastructure, the need for sound data to support decision making and the legislative and regulatory underpinnings for environmental outcomes will be a focus for all stakeholders.

## 6.0 About APCO

APCO is a co-regulatory, not for profit organisation partnering with government and industry to reduce the environmental impact of packaging in Australian communities through the administration and management of the Australian Packaging Covenant. APCO delivers this model of shared responsibility through the promotion of sustainable packaging activities including sustainable design, recycling initiatives, waste to landfill reduction and circular economy projects.

The Covenant supports an industry-led component of a co-regulatory arrangement underpinned by the NEPM. It embodies product stewardship and shared responsibility approaches that are founded on seven principles:

1. The Covenant provides a public benefit by reducing the environmental impacts of packaging,
2. Participation in the Covenant delivers benefit across all relevant industries and all types of packaging, including business-to-business packaging,
3. Decisions and actions are evidence-based and draw on the best available expertise and knowledge of leading practice in Australia and overseas,
4. As a national-level, industry-driven arrangement, the focus of the Covenant is on strategies that deliver national-level outcomes that industry is better able than governments to deliver,
5. Actions taken under the Covenant have measurable outcomes and targets and align with the strategic goals,
6. Information on the work and outcomes of the Covenant, including performance against targets, are reported publicly and has applicability across Australia,
7. The governance of the Covenant is apolitical and includes independent representation.

APCO's strategic approach and governance provide the framework to guide actions to advance sustainable packaging, while remaining flexible and adaptable to manage complexity and the unknown.

APCO is a public company limited by guarantee registered under the Australian Securities Investment Commission. It works with, provides feedback to and seeks guidance from the Government Officials Group on a bi-annual basis. APCO enters into the Covenant on behalf of Signatories to the Covenant and is itself bound by its obligations under the Covenant.

The Governance of APCO is supported by the APCO Board (Board) and the co-regulatory structure. The Board is comprised of nine Directors: three independent, three brand owners and three Directors representing industry associations. This diverse representative Board ensures an independent and rigorous governance approach that meets the transparency and accountability requirements of an organisation operating in a co-regulatory environment. The Board is supported by two subcommittees: the Finance, Audit and Risk Committee and the Remuneration and Nominations Committee.

The governance and operation of the Covenant is apolitical to ensure that there is no bias against, or favour of, any industry sector or political group in implementing the 2025 National Packaging Targets.

The governance of the co-regulatory structure of APCO is managed by the reporting requirements to the Government Officials Group. Senior Officers representing participating jurisdictions make up the GOG.

# Appendix

## Appendix A - Strategic Alignment with the Covenant and the 2025 National Packaging Targets

Strategic Priority Area	2025 National Packaging Targets	Covenant Actions Under Goals 1 and 2	Benefits/Impacts	APCO Actions
DESIGN	<ul style="list-style-type: none"> <li>100% of all packaging is reusable, recyclable or compostable</li> <li>30% average recycled content across all packaging</li> <li>Phase out problematic and unnecessary single-use plastic packaging through redesign, innovation or alternative delivery methods</li> </ul>	<ul style="list-style-type: none"> <li>Improvements in packaging design to increase the recycled content or recyclability of packaging</li> <li>New innovations for new or alternative types of packaging and packaging materials</li> <li>Reducing or excluding hazardous substances</li> <li>Improving the compostability or biodegradability of materials used in packaging</li> </ul>	<ul style="list-style-type: none"> <li>Reduces packaging waste at the design stage by minimising materials used, optimising recyclability or reuse and reducing the potential for fugitive packaging</li> <li>Optimised resource recovery of consumer packaging through the supply chain</li> <li>Prevents the impacts of fugitive packaging on the environment</li> <li>Creates improvements in packaging design to increase the recycled content or recyclability of packaging</li> <li>Establishes consistent product labelling</li> <li>Creates opportunities to identify recycling infrastructure improvements</li> <li>Identification of solutions to capture packaging waste before it enters the environment</li> </ul>	<ul style="list-style-type: none"> <li>Ensure adequate uptake of PREP to drive consumer awareness</li> <li>Provide consumer capability to identify recycled content in packaging through the ARL</li> <li>Educate industry on sustainable alternatives and new packaging materials through research and communications, PREP and the SPGs</li> <li>Facilitate working groups and research activities to identify and inform industry of hazardous materials</li> <li>Enable research and facilitate working groups to model potential solutions</li> <li>Pilot programs to test solutions derived from the solutions modelled</li> <li>Provide labelling capability in the ARL for compostability to drive consumer awareness and engagement with compostable materials</li> </ul>

Strategic Priority Area	2025 National Packaging Targets	Covenant Actions Under Goals 1 and 2	Benefits/Impacts	APCO Actions
CAPABILITY & EDUCATION	<ul style="list-style-type: none"> <li>30% average recycled content across all packaging</li> <li>70% of plastic packaging recycled or composted</li> <li>Phase out problematic and unnecessary single-use plastic packaging through redesign, innovation or alternative delivery methods</li> <li>100% of all packaging is reusable, recyclable or compostable</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening supply chain collaboration</li> <li>The identification of solutions to capture packaging waste before it enters the environment</li> <li>Identifying ways to reduce packaging consumption where appropriate</li> <li>Establishing consistent product labelling</li> </ul>	<ul style="list-style-type: none"> <li>Data for informed decision-making across stakeholder groups</li> <li>Data is compiled to provide members with a Performance Summary, a Benchmarking Report, which helps develop the Annual Reports and Action Plan.</li> <li>Consumers: removes confusion, saves time, reduces waste</li> <li>Help people make informed decisions and ensure our recycling efforts are resulting in maximum resource recovery</li> <li>Establishes consistent product labelling</li> <li>Creates opportunities to reduce Consumer Packaging consumption</li> <li>The information gathered provides APCO with aggregated data to identify trends, inform future planning and deliver the required reports to government on industry performance</li> <li>Strengthens supply chain collaboration</li> <li>Innovations for new and alternative types of packaging and packaging materials</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate working groups and collective action groups</li> <li>Enable global and domestic strategic partnerships</li> <li>Provide the SPGs and the ART as standard setting resources for industry to ensure sustainable alternatives are deployed though out the supply chain</li> <li>Facilitate the development and promotion of resource recovery and container deposit schemes to provide incentives and/or opportunities for recovery</li> <li>Position packaging as a valuable resource through APCO communications and events to build consumer awareness and engagement in recovery</li> <li>Research and communication to:</li> <li>Optimise packaging alternatives and reduce packaging by changing delivery models and phasing out single use packaging</li> <li>Identify the optimal packaging ratio to balance food integrity and packaging material usage</li> <li>Provide the APCO Packaging Recycling label program nationally to all APCO members</li> </ul>
MATERIALS CIRCULARITY	<ul style="list-style-type: none"> <li>30% average recycled content across all packaging</li> <li>70% of plastic packaging recycled or composted</li> <li>100% of all packaging is reusable, recyclable or compostable</li> </ul>	<ul style="list-style-type: none"> <li>Generating wealth from waste opportunities by improving the recovery of packaging materials and developing new market opportunities for packaging materials</li> <li>Identifying recycling infrastructure improvements to better handle the diversity of packaging materials in the markets so they can be reused</li> </ul>	<ul style="list-style-type: none"> <li>Strengthens supply chain collaboration</li> <li>Generating potential wealth from waste opportunities</li> <li>Innovations for new and alternative types of packaging and packaging materials</li> </ul>	<ul style="list-style-type: none"> <li>Administer the CAG to identify new market opportunities for packaging materials amongst APCO members and stakeholders</li> <li>Provide the APCO Packaging Recycling Label program to ensure a cleaner and more easily recoverable waste stream</li> <li>Work with members to measure performance, set clear targets, support and recognise their continuous improvement along their organisation's packaging sustainability journey.</li> <li>Conduct research and engage in global and domestic strategic partnerships to ensure best practice and new opportunities for recycling infrastructure are identified and communicated to the packaging supply chain</li> </ul>

## Appendix B: PESTEL and SWOT Analysis

### PESTEL Analysis (Political, Economic, Social, Technological, Environmental and Legal)

#### Political

- The UN Sustainable Development Goals and focus on plastic pollution and circular economics in other international political processes, may help shape Australian government policy and affect the global operating environment for companies,
- Australian governments are responding to declining market conditions for recycling and heightened community concern about waste, especially plastics, by considering targets and circular economic principles through a review of the National Waste Policy,
- Shared responsibility for waste between three tiers of government creates complexity and challenges for APCO (e.g. inconsistent regulatory frameworks, including the NEPM).

#### Economic

- Most recycling in Australia carries a net economic cost, due to high collection, transportation and processing costs,
- Long-term contractual obligations which support infrastructure on current collection processes make timely, sustainable change difficult,
- Tightened markets for waste and low commodity prices are leading to higher net costs, as well as increased stockpiling,
- Increasing recycling will add to the overall cost and in the absence of viable markets for recyclate, increased stockpiling,
- The economics of recycling in Australia — In the absence of policy drivers, funding and coordination — may not deliver adequate investment in R&D, commercialisation and infrastructure or aggregation of volumes to support investment in processing capability across a geographically disparate society,
- Increased product stewardship and other interventions by governments may increase the regulatory cost to industry, but over time, this may be at least partially offset through cost savings for industry and consumers through increased re-use, more efficient material use and more efficient recycling,
- Internationally, a shift towards circular economic approaches (e.g. in the EU) may lead to market interventions by investment decisions that have flow-on effects in Australia through global supply chains,
- Under current regulatory settings, APCO Members may face competitiveness concerns due to free riders in Australian and global supply chains.

#### Social

- Some consumers are increasingly aware and concerned about the environmental impacts of packaging, particularly the amount of packaging waste they generate and the impact of marine litter,
- There is an increase in community-based initiatives to deliver alternatives for recycling and reuse of packaging and materials,
- Some consumers and community groups are increasingly likely to hold industry and government accountable for inadequate responses to environmental concerns,
- It is not clear how widespread the above trends are amongst the broader community and the degree to which they will affect purchasing patterns or behaviour with packaging reuse and recycling is unknown.

#### Technological

- Advancements in packaging technology are continuing to drive the development of more complex packaging, recycling of which requires more sophisticated sortation and processing technologies than are currently widely used in Australia,
- Some of these changes have brought about significant improvements in the utility of packaging, e.g. by improving product safety and security and reducing food waste,
- Some common packaging materials, e.g. PVC and EPS, are not widely recycled through kerbside systems but remain preferred for some packaging applications,
- Significant knowledge gaps exist concerning the capacity and performance of sortation and recycling infrastructure in Australia,
- Challenges exist in identifying, developing and deploying scalable economic options for sortation and recycling technologies that will efficiently process Australia's material flows into usable commodities,
- Substantial investment in the collection, sortation and recycling R&D, commercialisation and infrastructure will be needed, including reaching minimum standards to support collection and sortation,
- Australia has no defined national pathway to funding innovation and deployment of technology for recycling, resource recovery and recycled materials markets.



## Environmental

- There are significant community and government concerns about the contribution of packaging to harmful marine debris,
- There is also concern about the loss of materials to landfill and the need to conserve materials,
- Environmental concerns are the key driver of interventions such as container deposit schemes, plastic bag bans and phasing out of single-use plastics by local councils,
- Packaging recycling rates have stagnated,
- Known gaps in the collection, recycling and reprocessing value chain are limiting environmental outcomes,
- There are multiple dimensions for assessing the lifecycle impacts of packaging, e.g. changes to food packaging may influence food waste and packaging waste differently.

## Legal

- Inconsistencies in jurisdictions' interpretation and application of the NEPM increases administrative complexity and compliance risk,
- The obligation on jurisdictions to provide jurisdiction-specific pathways for companies to comply with their NEPM obligations increases administrative complexity, compliance risk and free rider concerns,
- There may be legal and administrative barriers to some avenues for waste collection, utilisation of waste materials (e.g. through product standards precluding recycled plastics in manufacturing) and reuse of packaging,
- Other legal frameworks affect packaging design and materials, e.g. concerning pharmaceutical, medical, food and beverage packaging,
- Jurisdictions' inconsistent regulatory approaches to waste management and recycling may hinder innovation for national organisations,
- China and other nations may maintain or increase restrictions on contamination levels in the global supply of recyclable materials.

# SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats)

## Strengths

- The existing regulatory framework established by the NEPM provides for, on an ongoing basis:
  - Commitment and action by companies throughout the supply chain and across the full, spectrum of industry sectors producing packaging,
  - Engagement of Commonwealth and State and Territory governments through their co-ownership of the NEPM and participation in the Covenant's governance framework,
  - APCO as an industry-funded, independently governed body to lead and drive change.
- The suite of tools developed or licensed by APCO, including the ART, SPG, PREP and ARL provide for reporting of data on packaging, the design of packaging to improve environmental outcomes and better communication to consumers about recycling options,
- Participation of Members and partner organisations in APCO working groups, committees, strategic projects and partnerships ensure the right people and expertise are available to identify and implement solutions,
- Stability of APCO as administering body enables building the capabilities of Directors, management and staff over time.

## Weaknesses

- Inconsistencies and lack of clarity in the NEPM and Covenant, including the engagement of free riders,
- The NEPM framework can be challenging to amend due to procedural requirements and the need for all jurisdictions to agree and implement changes,
- Lack of funding or other levers to support improved recycling outcomes, e.g. through R&D and commercialisation programs,
- Lack of a detailed understanding of consumer attitudes on environmental issues and their effect on purchasing and recycling behaviour,
- Knowledge gaps in recycling and sorting infrastructure,
- Distance challenges in the aggregation of recyclate.

## Opportunities

- Existing tools including ART, the SPG, PREP and ARL can be further developed over time to improve data (e.g. on recyclability, compostability and reusability) and drive better design and recycling/reuse/composting outcomes as well as reaching globally to suppliers of packaging to Australia,
- Use of PREP and ARL can be made mandatory for all Members, to drive better design and recycling/reuse/composting outcomes,
- APCO's working groups on problematic materials provide a model for addressing other challenges, e.g. efficient collection in remote and regional areas,
- APCO could harness and align with increasing public awareness of packaging in the waste stream and the associated environmental impact, and community desire to drive and contribute to change.
- APCO could support and partner with other organisations, for example, local governments working to phase out single-use plastic packaging or redesign a consistent kerbside collection service,
- APCO could work with governments and stakeholders to address regulatory barriers to sustainable packaging design and waste management, e.g. accreditation of standards for MRFs and identification of infrastructure gaps,
- APCO could work with governments and other stakeholders to identify synergies with other government objectives, including objectives that are funded through grants programs.

## Threats

- Market factors, e.g. consumer preference, cost considerations and competition from free riders in Australia and overseas, may outweigh environmental concerns for companies and consumers,
- Increased demands by APCO, e.g. for reporting, commitments and financial contribution, may lead to companies withdrawing from the Covenant,
- Lack of investment in R&D, commercialisation and collection, sortation and recycling infrastructure may mean that packaging that is recyclable or compostable in other countries is not in Australia and achieve recycling and recycled material use targets impossible,
- Increased regulation and the ultimate cost impost on consumers.

# Australian Packaging Covenant Organisation

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