



AFPA Submission to:

***Australian Packaging Covenant  
Organisation (APCO)***

***Consultation on a strengthened industry-led EPR  
approach for packaging***

May 2025

## About the Australian Fresh Produce Alliance

The Australian Fresh Produce Alliance (AFPA) is made up of Australia's key fresh produce growers and suppliers. The members include:

- Costa Group
- Perfection Fresh
- Montague
- Pinata Farms
- Fresh Select
- Mackay's Marketing
- Driscoll's
- Australian Produce Partners
- Premier Fresh Australia
- Rugby Farming
- Fresh Produce Group.

These businesses represent:

- half the industry turnover of the Australian fresh produce (fruit and vegetables) sector - \$12 billion total
- a quarter of the volume of fresh produce grown in Australia - 6.5 million tonne total
- more than a third of fresh produce exports - \$1.7 billion export total
- more than 1,000 growers through commercial arrangements, and
- more than 15,000 direct employees through peak harvest, and up to 25,000 employees in the grower network.

The key issues the AFPA is focusing on include:

- packaging and the role it plays in product shelf life and reducing food waste landfill,
- labour and the need for both a permanent and temporary supply of workers,
- market access to key export markets for Australian produce,
- product integrity both within and outside of the supply chain,
- pollination and research into alternative sources, and
- water security, including clear direction as to the allocation and trading of water rights.

The AFPA's aim therefore is to become the first-choice fresh produce group that retailers and government go to for discussion and outcomes on issues involving the growing and supply of fresh produce.

Products grown by AFPA Member companies include:

Apples	Blueberries	Cherries	Mushrooms	Raspberries
Apricots	Broccoli	Cucumber	Nectarines	Salad leaf
Asparagus	Broccolini	Fioretto	Onions	Spinach
Avocado	Brussel Sprouts	Green Beans	Oranges	Strawberries
Baby Broccoli	Butternut	Herbs	Peaches	Sweet Corn
Baby Corn	Pumpkin	Lemons	Pears	Table grapes
Bananas	Cabbage	Lettuce	Pineapples	Tomatoes
Beetroot	Cauliflower	Mandarins	Plums	Water Cress
Blackberries	Celery	Mango	Potatoes	Wombok

## Summary

The Australian Fresh Produce Alliance (AFPA) welcomes the opportunity to provide feedback to the Australian Packaging Covenant Organisation (APCO) on its consultation paper that seeks feedback on:

- activating APCO's 2030 Strategic Plan to support and deliver industry-led EPR activity for packaging, managed by APCO to co-ordinate and leverage the benefits of collective action, and
- increasing membership contributions through a new fee model, establishing a new mechanism for APCO members to co-invest in solutions that drive system impact.

The AFPA is committed to ensuring that packaging policy reforms strike a practical and balanced approach—one that supports both environmental objectives and the continued delivery of fresh, safe, and affordable fruit and vegetables to all Australians.

The Australian fresh produce industry is a cornerstone of national health, food security, and economic sustainability. Australian growers supply 97% of the fresh fruit and vegetables consumed domestically, ensuring year-round availability through a highly efficient, yet complex supply chain. The industry is characterised by a large number of small and medium-sized businesses operating within a highly concentrated retail environment and is currently navigating significant economic pressures—including high inflation, increased input costs, and reduced consumer spending. Any changes to packaging requirements, whether by Government or APCO, must be considered through the lens of food access, affordability, and supply chain functionality.

Packaging plays an essential role in the fresh produce sector. It enables efficient distribution, protects fragile products, extends shelf life, and supports food safety. Importantly, packaging significantly reduces food waste, a key environmental issue for Australia. Each year Australians waste around 7.6 million tonnes of food across the food supply chain. As a sector, households generate the most food waste in Australia, about 30% of the total. This waste results from various factors, including over-buying, poor storage, and not using leftovers properly. Due to the scale and cause of food waste, in many cases the use of packaging, including plastic, to reduce waste provides the best environmental outcomes.

Case studies from across the industry illustrate this dynamic. For example, film-wrapped continental cucumbers retain freshness and last three times longer, resulting in markedly less waste; similarly, PET punnets with moisture-absorbing pads used for berries provide both protection and preservation, minimising loss of high-value, highly perishable goods. These examples highlight the nuanced and product-specific role that packaging plays in delivering environmental and economic outcomes. As such, reform efforts that impose blanket requirements or cost burden, without accounting for the functional nature of fresh produce packaging, risk causing unintended and counterproductive outcomes, including increased waste, higher prices, and reduced availability.

Lengthy consideration must also be given to the fact that most packaging decisions are often made not by growers, but based on retailer specifications. Control over packaging and branding was a prevalent issue during recent supermarket inquiries related to market power and identified by the ACCC as an area for further work. In approaching packaging regulation and/or any kind of scheme or system that may influence fresh-produce packaging decisions, it is essential that the outcome does not create a situation that further exacerbates the issues identified by the ACCC – that is introducing more challenges for producers to apply their own branding to fresh produce packaging, and similarly not further restrict their control over packaging used for their produce.

The AFPA recognises and supports the shift toward a circular economy and improved packaging sustainability. Members have already taken meaningful steps toward this objective, including the use of recyclable materials, reductions in unnecessary packaging, and innovations that enhance recyclability within the constraints of a perishable, variable product category. However, sustainable reform must be practical, cost-effective, fair and designed in consultation with the sectors most directly affected.

Therefore, while the AFPA supports the intention of APCO's proposal, it does not support its implementation in FY27 or at any time without the resolution of critical outstanding issues related to the packaging of fresh produce.

## ***Key issues and areas of concern***

- 1. Introducing new cost pressures on a sector already under strain and creating a competitive disadvantage** – Fresh produce suppliers have experienced one of the sharpest increases in input costs in recent history. The introduction of additional packaging-related fees, combined with associated administrative costs, will exacerbate this pressure, affecting business viability and inevitably increase consumer prices. Furthermore, as APCO membership is not universal, the introduction of fees may disproportionately impact members compared to non-members and businesses operating outside the scheme. This creates a perverse outcome where businesses that have engaged constructively with APCO and invested in better packaging solutions are financially penalised, undermining the collaborative intent of the scheme.
- 2. Risk encouraging sub-optimal or no packaging use leading to poorer environmental outcomes** – A scheme that (by introducing a substantial cost) may encourage the removal of fresh produce packaging or incentivises the use of inferior packaging options may produce worse environmental outcomes overall. Current packaging solutions, often plastic-based, are used because they perform essential roles in protecting produce, preventing food waste, and enabling efficient distribution across the country. These benefits must be fully recognised in the design of any fee system.
- 3. Unclear definitions of "Brand Owner" and "placed on market"** – The definitions used for "Brand Owner" and "placed on market" lack clarity when applied to the fresh produce sector. In many cases, packaging decisions are made by retailers, not the producers themselves, in some cases, even when the product carries a producer's brand or trademark. This raises concerns about which entity is responsible under the scheme and how obligations will be enforced.
- 4. Treatment of B2B packaging not sufficiently addressed** – Further guidance is required on how business-to-business (B2B) packaging—such as film wrap used around pallets, retailer-mandated cartons, and reusable crates—will be treated under the scheme. Producers often have limited control over these packaging formats, which are specified or supplied by retailers or logistics providers.
- 5. Insufficient data to support informed fee-setting and compliance** – Many fresh produce businesses do not currently have the systems in place to track packaging volumes with the level of accuracy expected under the proposed scheme. Most existing data is approximate and based on sales estimates. Expecting these businesses to generate reliable data to inform APCO's FY27 fee-setting process within such short timeframes is unrealistic and may result in inaccurate or unfair outcomes. Furthermore, at an industry level, robust data on fresh produce packaging use is extremely limited. This makes it difficult for any entity, including APCO, to make evidence-based decisions on appropriate fees or to evaluate environmental trade-offs.
- 6. Uncertainty around the discounts/rebates and reinvestment of collected funds** – It is difficult to support the proposal without greater clarity around the incentives or rebates for different material types, acknowledging this is part of the consultation. The consultation paper also does not provide sufficient assurance that funds collected from businesses will be used in the required infrastructure and other ways that deliver value to those paying into the system, particularly regional suppliers or those already using recyclable packaging. Without a clear mechanism for linking payments to tangible benefits, the scheme may be perceived as inequitable and poorly targeted.
- 7. Need for transparent governance and equitable fund allocation** – The proposed model requires a robust, transparent governance framework to ensure funds are allocated fairly and in alignment with clear environmental outcomes. Public reporting and accountability measures should be built into the scheme to ensure funds are managed effectively and equitably.
- 8. One-size-fits-all model may produce counterproductive outcomes** – Applying a uniform EPR fee structure across all sectors without accounting for the specific functions of fresh produce packaging may lead to unintended consequences. In particular, the added fees and administration burden may push businesses toward packaging choices that meet regulatory requirements on paper but result in increased food waste and higher total environmental impacts. A tailored, evidence-based approach is needed to avoid these perverse incentives.

## Recommendations

The AFPA strongly supports a national approach, however to ensure that packaging reform achieves its intended outcomes without undermining food system resilience, the AFPA recommends a more targeted, staged approach.

- 1. Exempt Fresh Produce Packaging** – The packaging of fresh fruit and vegetable products should be exempt from the proposed arrangements until a sector-specific, evidence-based framework can be developed. This framework must account for the unique role of fresh produce packaging in reducing food waste, maintaining product quality, and supporting efficient distribution across Australia. Additionally, the framework should recognise the current lack of accurate packaging data in the sector, ensuring that any future obligations are practical, proportionate, and do not unfairly penalise businesses that already use fit-for-purpose and environmentally responsible packaging. A one-size-fits-all approach risks undermining broader sustainability goals, such as emissions reduction, and could lead to increased consumer costs.
  - a. Incentives and Timing Adjustments for Fresh Produce** – In lieu of a full exemption APCO should consider applying discounts specific to the fresh produce sector that recognise packaging decisions contributing to broader sustainability goals. General discounts should also be applied that include, for example, the use of locally sourced recycled content in packaging materials and business investments in consumer education on disposal (e.g., QR code-enabled disposal information).
- 2. Sector-Specific Co-Design Working Group** – APCO should establish a dedicated working group with fresh produce sector representatives. This working group would co-design an approach and establish clear definitions (e.g., of Brand Owner) that reflect sector-specific challenges, including shared packaging decisions between growers, packers, and retailers, as well as the variability in packaging types across different produce categories. This collaboration will ensure that fresh produce packaging is treated in a way that aligns with the industry's operational realities.
- 3. Independent Oversight and Transparent Fund Reporting** – To address concerns regarding transparency and governance, APCO should establish an independent oversight body or advisory committee, which would include industry representation from key sectors. This body would be tasked with reviewing and reporting on how EPR funds are allocated, what outcomes are achieved, and how those outcomes align with APCO's published performance targets.

Furthermore, APCO should annually publish a report that discloses key information including the breakdown of funding allocation and outcomes. This level of transparency will ensure accountability and foster trust in the system.

Ultimately, APCO's approach must better cater to the unique characteristics of fresh produce packaging to avoid unintended consequences. In fresh produce, packaging is not optional—it is essential. Poorly designed reform could lead to outcomes that are economically, socially, and environmentally regressive.

The AFPA is committed to engaging constructively in the development of an effective, evidence-based scheme. With the right approach, APCO can contribute to the reduction of packaging waste without jeopardising secure, affordable access to the fresh, nutritious produce that underpins the health of Australia and its economy.

## Contents

1.	Introduction .....	6
2.	Background .....	6
	Fresh Produce Industry Snapshot .....	7
	Fresh Produce Growers .....	7
	Current Market Conditions, Pressures and Trends .....	8
	Food Waste in Australia .....	10
3.	The functional role of packaging for Australian fresh produce .....	11
4.	Limited data on Australian Fresh Produce Packaging design, material and volume .....	14
5.	Ownership of Fresh Produce Packaging .....	14
6.	Response to the Consultation Paper .....	17
	Recommendations .....	18

## 1. Introduction

The AFPA is a leading body representing the fresh produce industry in Australia and is currently focused in three priority areas: workforce, trade and market access, and environmental sustainability.

Within the fresh produce industry, environmental sustainability encompasses a broad range of issues. To best focus efforts, the AFPA has identified three interconnected areas of priority for its attention, action and investment, these are GHG emissions, food waste and packaging. Packaging has been central to the AFPA's work since its inception, and over the past several years, the AFPA has commissioned research, developed industry materials and engaged with government on pragmatic packaging solutions and policies.

As an organisation whose membership represents a significant share of all fresh produce sold in Australia, the AFPA recognises the importance of sustainable packaging solutions that not only align with environmental goals but also support the commercial viability and operational efficiency of the industry.

The important role of packaging in the integrity and protection of fresh food as it travels through supply chains from farm to plate should be better recognised. Product safety, protection, increasing shelf-life and reducing waste should be the primary goal of packaging as food waste generally accounts for a larger proportion of negative environmental impacts than packaging does.

The majority of AFPA members are members of APCO and all have made efforts to improve their packaging design and material choices (where they have control) to realise the most environmentally optimal and economically viable solutions. The AFPA welcomes the opportunity to engage with APCO on its proposed approach and has prepared this submission in response to the Consultation Paper, titled: *From Collective Action to System Impact*, which is seeking feedback on:

- Activating APCO's 2030 Strategic Plan to support and deliver industry-led EPR activity for packaging, managed by APCO to co-ordinate and leverage the benefits of collective action.
- Increasing membership contributions through a new fee model, establishing a new mechanism for APCO members to co-invest in solutions that drive system impact.

The AFPA would welcome further engagement with APCO on this submission and any issues of relevance to the Fresh Produce industry, noting that a key recommendation is the establishment of a dedicated working group with fresh produce sector representatives to co-design an approach and clarify definitions (e.g. of Brand Owner) that reflects sector-specific challenges, including the complex packaging intersection between growers, packers, and retailers, and the variability in packaging types across produce categories.

## 2. Background

The fresh produce industry and its ongoing supply of nutritious and safe fruit and vegetables plays a crucial role in the health and well-being of Australia's population, underpins national food security and is a major contributor to the economy. A profitable and sustainable fresh produce industry is in Australia's national interest.

Considering the broader context within the fresh produce industry is important to support an improved understanding of the impact of packaging regulation on businesses within the sector, Australian consumers and the broader economic impact of fresh produce. At a high level, the fresh produce industry is characterised by a large number of small businesses, a very concentrated retail supply chain and is currently operating in a high inflation period, where consumers are decreasing their consumption of produce in line with competing cost of living pressures.



This context is important to understand both in terms of the role packaging plays in the industry in terms of enabling access to fresh food, but to understand the nuanced impact of any cost increases and regulatory burdens on farmers, retailers and consumers through the lens of the essential nature of consumer access to fresh fruits and vegetables.

## Fresh Produce Industry Snapshot

The following key facts and information, sourced largely from Hort Innovation's *Australian Horticulture Statistics Handbook 2023-24*<sup>1</sup>, provide valuable context and a snapshot of the fresh produce industry:

- In 2023-24, the total production value of the fresh produce industry was \$12.5 billion
- It is estimated that the fresh produce industry directly supports between 65,000-80,000 roles<sup>2</sup>
- Australia's diverse climate and geography enables more than 100 varieties of fruit and vegetable to be grown productively in regions around the country.
- Australia produced over 6.5 million tonnes of fresh produce in 2023-24, the majority for fresh supply to the domestic market (61%) and processing (29%).
- Only 10% of Australian fresh produce is exported, unlike broader agriculture that exports around 72% of produce.
- Australia imports less than 3% of produce for fresh supply, meaning over 97% of fresh fruits and vegetables consumed in Australia is grown in Australia.

## Fresh Produce Growers

### ***A country-wide network of growers provide year-round supply of local fresh produce***

Delivering year-round supply of local fruits and vegetables to Australian households and businesses takes a national effort and significant capital and operating expenditure. All fruits and vegetables require the right combination of climate, soil, and growing conditions to thrive. Australian producers over many decades have been working to identify the optimal region, time of year, and cultivation practices to successfully produce different fruits and vegetables to a standard and consistency which maximises production and financial return.

Some produce can be grown productively year-round in a single region, like bananas in North Queensland, while most produce must be grown in multiple regions across the country at different times of the year to provide continuous supply. For example, to provide a year-round supply of blueberries, they are grown between Tasmania and Far North Queensland at different times of year, with the main production hub being around Coffs Harbour, NSW. The shifting seasonality and natural peaks and troughs of fresh produce production is one of the industry's most defining characteristics and creates a very dynamic supply-chain.

The fresh produce industry's supply-chain criss-crosses the nation, transporting millions of tonnes of produce around the nation from in-season regions to local shops. It's typical for fresh produce to be on supermarket shelves within 48-72 hours of being harvested anywhere in the country, in some cases within 24 hours. Packaging plays an integral role in this supply chain, ensuring that produce is protected throughout the journey and that handling and transport is as efficient as possible.

The industry's national production and supply-chain means that variations in state and territory regulations and standards can create significant challenges, in most all scenarios a single national approach is preferable, including for a packaging EPR scheme.

### ***A large number of small businesses and a small number of large businesses***

As of 30 June 2023, ABS data<sup>3</sup> indicates there were 18,325 fruit, vegetable and nut producing businesses in Australia. As illustrated in Table 1, around two-thirds, 12,371, are non-employing entities and 5,217 employ between 1 to 19

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<sup>1</sup> [Australian Horticulture Statistics Handbook 2023/24](#) - Hort Innovation

<sup>2</sup> [Contribution of Australian horticulture industry](#) – Centre for International Economics

<sup>3</sup> [8165.0 Counts of Australian Businesses, including Entries and Exits](#) - ABS



people, which means 96% of the industry are ‘small businesses’ by ABS definition. Only 4% of businesses, 709, employ between 20 and 199 people and only 29 businesses employ over 200 people. This data demonstrates that the fresh produce industry is made up of a large number of small businesses and a small number of large businesses.

This is further validated by additional ABS data provided in *Table 2*, that identifies business turnover ranges. Of note, the fresh produce industry is typically described as a high turnover, low profit margin industry.

**Table 1: 2023 Fruit, Vegetable & Nut Businesses by employment size**

Non-Employing	1 to 19 Employees	20-199 Employees	200+ Employees	Total Businesses
12371	5217	709	29	18325

**Table 2: 2023 Fruit, Vegetable & Nut Businesses by total turnover**

Zero to \$49k	\$50k to \$199k	\$200k to \$1.99m	\$2m to \$4.99m	\$5m to \$9.99m	\$10m or more	Total Businesses
5,913	5,169	5,782	870	319	270	18,325

All parties should consider how to best support this diverse industry as having a range both small and large businesses in the national interests. This diversity enhances food security by ensuring a stable supply of fresh produce even in the face of economic, environmental, and social challenges. It also promotes economic resilience by fostering innovation, competition, and sustainability within the sector. Small businesses often pioneer niche markets, while large businesses can leverage economies of scale to drive efficiencies and invest in advanced technologies and practices. Together, they form a robust ecosystem that supports the well-being of Australian communities and the national economy.

## Current Market Conditions, Pressures and Trends

### *Demand down, costs up*

As widely publicised, many Australian families are experiencing cost of living challenges and must make difficult decisions about how to allocate their household budgets. During these difficult periods, spending on many food items becomes discretionary, following the payment of mortgages, rent and utilities. This results in a softening of demand for fruits and vegetables.

Based on Australian Bureau of Statistics (ABS) data<sup>4</sup>, between 2021-22 and 2022-23, Australians consumed 7.1% less vegetables and 7.9% less fruit, and this has not improved in 2023-24. Good nutrition is universally beneficial and even before this significant decline, numerous studies had shown that Australians were not meeting the recommended daily intake of fruit and vegetables. If the decline is not rectified, it will have a profound and lasting public health, social and economic consequences.

For producers, the decline in consumption creates financial challenges and, at the same time as households are seeking more affordable ways to feed their families, farmers are currently experiencing some of the steepest increases in production costs in recent history. Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) estimates that total Australian farm cash costs increased by 32% between 2019-2020 and 2023–24<sup>5</sup>, this includes:

- fuel costs up by 73%
- fertiliser up by 40%
- electricity up by 43%
- labour up by 28%

<sup>4</sup> ABS - [Apparent Consumption of Selected Foodstuffs, Australia](#)

<sup>5</sup> ABARES [Agricultural commodities and trade data](#)

While this steep increase in costs was initially a result of the COVID-19 pandemic and international events, the drivers behind these cost increases are increasingly domestic and set to continue. For example, the greatest proportion of the increase in the cost of energy (40%) and labour (16%) has occurred since 2021-22. While energy costs are forecast to decline by 3% by 2025-26, Labour costs are forecast to increase by a further 8.5% by 2025-26. Labour is on average 50% of the total cost of producing fruits and vegetables, which means shelf prices are anticipated to continue rising on this metric alone, compounding consumer demand challenges.

### ***Maintaining affordability against increasing standards and compliance costs***

Australian producers are held to some of the highest safety, ethical and environmental standards and requirements in the world, and the bar continues to rise. Industry recognises the value and need for appropriate standards to ensure the health and safety of consumers, protect the environment, and ensure the ethical treatment of workers. In some areas, the industry is actively advocating for additional safeguards, such as the introduction of a national labour hire licensing scheme. However, meeting these standards can require significant investment in sustainable practices, advanced technologies, capital and equipment, administration, and (sometimes the greatest cost) demonstrating compliance. There is often a disconnect between these costs incurred by producers, their capacity to pass on costs through the supply chain, and the ability of consumers to pay higher prices at the checkout.

State mandated changes to packaging regulation is one example whereby industry is being required to transition to alternative materials, which are typically more expensive and often less suitable, leading to costs, food-waste and other environmental harm – this will be further explored in this submission. These changes, without proper consideration continues to place significant financial pressure on producers.

Collaborative efforts among industry stakeholders, policymakers, and consumers are essential to support producers in meeting increasing standards and requirements while at the same time ensuring the long-term viability and competitiveness of the Australian fresh produce industry is maintained.

### ***The Intention-Action Gap in Sustainable Shopping***

A recent survey<sup>6</sup> of over 1,000 Australians found more than two-thirds (69%) aspired to purchase more sustainable products, however, 41% viewed current pricing levels prohibitive. This tension underscores a well-established issue in consumer behaviour known as the intention-action gap—the disconnect between what people say they value and how they actually behave. Nowhere is this more evident than in the sustainability space, where environmental concerns often clash with price sensitivity at the point of purchase.

Despite increasing awareness of environmental issues, the majority of consumers are not willing to absorb the additional cost of more “eco-friendly” options. Numerous studies show that while many people express support for sustainability, only a fraction follow through when it means paying more. This is not unique to Australia, in the UK a recent study<sup>7</sup> relating to beverages found that 68% of consumers say they care about the environment, but only 12% follow through with a sustainable purchase, similarly 40% of the population say they try to buy environmentally friendly packaging, but only 13% succeed. As a result of this gap between what consumers say they want and how they behave, the financial burden of “going green” is frequently passed on to producers, suppliers, and retailers, who must absorb the costs of sustainable practices without consistent pricing support from the market.

For small and medium-sized producers in particular, this creates a difficult choice - invest in sustainability at the expense of margins, or remain competitive on price and risk reputational damage. Even for larger brands, sustainability initiatives often come at a high-cost with little immediate return, instead are seen as long-term investments or simply the (increasing) cost of doing business.

Ultimately, until consumers are both willing and able to back their values with their wallets, the cost of sustainable transformation will continue to fall disproportionately on the shoulders of those who produce, not those who

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<sup>6</sup> [Simon-Kucher 2024 Global Sustainability Study](#)

<sup>7</sup> [thegrocer.co.uk - We must communicate to bridge the sustainability 'say-do' gap](https://thegrocer.co.uk/news/2023/06/27/we-must-communicate-to-bridge-the-sustainability-say-do-gap/)

consume. This is particularly problematic in the fresh produce industry where there is a high level of cost sensitivity to products and limited scope to increase supply chains margins to recover increased costs.

### ***Customers are trending towards the convenience and benefits of packaged fresh produce***

The packaged fresh fruit and vegetable market has seen consistent growth from 2020 to 2024, accelerated by the COVID-19 pandemic, but primarily driven by evolving consumer demands for convenience and longer shelf life.

Evidence indicates that customers are now increasingly accepting of, even prefer, pre-cut, pre-packaged, and ready-to-eat fruits and vegetables as practical alternatives to whole produce. This demand is particularly strong among younger generations who are shaping modern consumption habits.

A recent Deloitte survey of 2,000 U.S. consumers confirmed that 52% of shoppers now prioritise convenience more than before, with Millennials (57%) and Gen Z (61%) even more likely to value it. Half of all consumers view packaged fresh food as an effective way to add convenience to their lives. Additionally, 70% believe packaging prevents contamination, 57% say it helps extend shelf life, and 61% find that clear labelling informs better purchase decisions.

While no Australian equivalent study could be sourced, there is widespread acceptance of this trend amongst industry suppliers and available data on apples sales supports the theory that a change in Australian consumers buying behaviour occurred in 2020, as prepackaged apples sales volume from major supermarkets increased by more than 16 per cent compared to the year prior<sup>8</sup>.

Looking ahead, the shift towards conveniently packaged fresh produce is set to continue, industry analysts project a annual growth rate of 5–7% through to 2035 for the packaged fresh fruit segment<sup>9</sup>. With consumers increasingly preferencing packaged fresh produce, industry, retailers, regulators and all relevant bodies will need to work together to develop pragmatic solutions that balance environmental objectives with the need to support household consumption of fruit and vegetables.

## **Food Waste in Australia**

Food waste is a critical environmental, social, and economic issue in Australia, with far-reaching implications for sustainability, food security, and resource use. According to the DCCEEW, Australia generates approximately 7.6 million tonnes of food waste annually, representing over 300 kilograms per person each year. Households are the largest single contributor, accounting for more than 2.5 million tonnes, roughly one-third of the national total.

This high level of household food waste has far-reaching impacts. Environmentally, decomposing food in landfill generates methane, a greenhouse gas with a global warming potential more than 25 times that of carbon dioxide. Food waste is estimated to contribute around 3% of Australia's total greenhouse gas emissions, making it a significant, yet often overlooked, contributor to climate change. Moreover, food waste represents a massive squandering of natural resource, including water, land, energy, and labour, used throughout the food supply chain. Economically, it translates to a loss of approximately \$2,500 per household per year, exacerbating cost-of-living pressures. Socially, avoidable food waste is deeply concerning at a time when many Australians face financial hardship and demand for food relief services continues to grow.

The reasons for household food waste are varied but include:

- Improper storage leading to premature spoilage
- Over-purchasing or poor meal planning
- Confusion over best-before and use-by dates
- Discarding food for cosmetic reasons, even when still safe to eat

For fresh produce in particular, consumers often throw away fruits and vegetables due to visible imperfections, spoilage, or a perceived lack of freshness. This highlights the critical role that packaging can play in reducing food waste at the household level. As Australia continues to shape its packaging and waste reduction frameworks, the

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<sup>8</sup> [APAL - Packaged fruit – will the trend continue?](#)

<sup>9</sup> [Future Markets Insights Inc. - Packaged Fresh Fruits Market Outlook from 2025 to 2035](#)

AFPA are strong advocates of all entities considering the full life-cycle impact of packaging, including its potential to reduce food waste in households. Solutions that promote both environmental sustainability and food preservation will be essential to achieving a truly circular and environmentally beneficial system.

### 3. The functional role of packaging for Australian fresh produce

While the fresh produce industry is a relatively low user of plastics and packaging, it is a highly visible user, and Australian consumers are concerned about the impact of plastics on the environment. It is therefore imperative to understand that the use of packaging in the fresh produce industry is critical to both reducing food waste and enabling consumers, both in Australia and overseas, to access fresh, safe fruit and vegetables at affordable prices.

Fresh produce packaging serves multiple critical functions and is essential to the supply of many fruits and vegetables. It protects produce during transportation, handling and storage and extends shelf life by controlling moisture, gas exchange, and temperature. As producers and retailers continually refine packaging, they seek to balance cost, sustainability, and functionality. Environmental considerations are becoming increasingly central to this refinement process, factoring in food waste, recyclability or compostability of materials, resource consumption in manufacturing, and the efficiency of packaging in reducing greenhouse gas emissions from transport—a significant concern in Australia's vast supply chain.

In addition to protection, packaging plays an important role by providing branding opportunities and essential product information, such as nutritional content, storage instructions, origin and information to support traceability requirements. Innovations in packaging design also focus on enhancing consumer convenience and aim to drive-up consumption with features like resealable bags, easy-to-open containers, and single-portion packs tailored to all kinds of households.

To support engagement around packaging, the AFPA commissioned research in 2019 by RMIT University to examine the [role of packaging for Australian fresh produce](#). RMIT's research was extensive, including peer-reviewed testing in its Chemical Engineering Laboratory of a variety of packaged produce. RMIT's key findings included:

- Packaging of fresh produce does help to avoid and reduce food waste, by protecting the integrity of the product in the supply chain
- Packaging reduces the chances of product bruising or damage through reducing direct touching and handling
- Packaging increases and extends produce shelf life from farm to plate compared to having no packaging at all
- Packaging material and packaging formats should work synergistically to provide product protection and shelf life as it travels through the supply chain.

The research also found that even minimal packaging can have a disproportionately positive impact on overall supply chain sustainability when food preservation benefits are taken into account.

*"It has been estimated that, on average, packaging accounts for only 10% of the total energy inputs for a person's weekly consumption of food (INCPEN, 2009). The other 90% of energy inputs is in food supply, transport, storage and cooking. This highlights the important role packaging plays in product protection, making sure this energy input is not wasted. Sometimes more packaging is required to achieve the goal of product protection, as in the case of single serve food portions. While the packaging impacts will be increased, the potential for food waste is reduced; meaning the overall environmental impact from the system of food and packaging will decrease (Verghese et al., 2015). While packaging and the products contained within will both have environmental impacts, the most sustainable product-to-packaging ratio often results where product protection is favoured over reduced packaging that puts a product at risk of damage."*<sup>10</sup>

The findings of this research underscore the risk of adopting simplified policies that focus on packaging reduction without accounting for food waste and overall environmental performance. A one-size-fits-all EPR approach could

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<sup>10</sup> [The role of packaging for Australian fresh produce - RMIT & Empauer](#)

therefore result in poorer environmental and economic outcomes. Numerous other studies in Australia and overseas also reinforce the benefits of packaging in preserving fresh produce, which is explored further on page 11.

### **Material Selection**

The AFPA recognises the concerns regarding the volume and types of packaging used for fresh produce, making packaging a key priority. Over the past several years, individual member companies have actively worked to improve their packaging solutions, focusing on increasing recyclability and reducing non-essential materials, without compromising on required functions.

Packaging materials are carefully selected to provide optimum results in terms of product protection, shelf-life extension, sustainability, and minimising environmental impact, while ensuring efficient transportation and reducing food waste throughout the supply chain.

Replacing existing materials with compostable or recyclable alternatives is not always a viable solution. Decisions regarding packaging must be made carefully to avoid unintended consequences such as increased food waste and higher carbon footprints.

A critical consideration in materials selection is understanding the barrier characteristics of each material and its function—whether the packaging is designed to maintain moisture levels, control gas exchange, and/or prevent physical damage. By encouraging the elimination of specific materials without understanding their purpose can create unintended negative consequences, such as increased food waste.

### **Practical examples - Balancing Packaging, Waste and Cost in Fresh Produce packaging**

As previously covered, packaging plays a vital role in the preservation of fresh produce. Several studies on individual products exist to support the environmental benefits of packaging fresh produce. For example, below is an extract of the Executive Summary of a paper <sup>11</sup>released by the *Swiss Federal Laboratories for Materials Science and Technology* on the film wrapped continental cucumbers.

*“In light of increasing public pressure, retailers strive to remove plastic packaging as much as possible from fresh fruits and vegetables to reduce the environmental impacts along their supply chains. Plastic packaging, however, also has an important protective function, similar to the fruit's peel. For cucumbers transported from Spain and sold in Switzerland, our investigations in the form of a life cycle assessment study showed that the plastic wrapping has a rather low environmental impact (only about 1%) in comparison to the total environmental impacts of the fruit from grower to grocer. Hence, each cucumber that has to be thrown away has the equivalent environmental impact of 93 plastic cucumber wraps. We found that plastic wrapping protects the environment more by saving more cucumbers from spoilage than it harms the environment by the additional use of plastic. If, by using the plastic wrap, we reduce cucumber losses at retail even by only 1.1%, its use has already a net environmental benefit. Currently, in the cucumber import supply chain from Spain to Switzerland, the use of plastic wrapping lowers the cucumber losses at retail by an estimated 4.8%; therefore, it makes sense to use it from an environmental perspective. The environmental benefit of food waste reduction due to plastic wrapping the cucumbers was found to be 4.9 times higher than the negative environmental impact due to the packaging itself. Alternative strategies to preserve fresh cucumbers without using plastic wrapping will have to compete with this challenging limit.”*

Introducing an EPR scheme that penalises the use of packaging, in this case soft plastics, without recognising the downstream benefits of reduced food waste, places fresh produce suppliers in an untenable position. A cucumber supplier, for example, would be forced to choose between:

- Maintaining current packaging that preserves freshness, reduces spoilage, and lowers food waste — but incurring substantial EPR fees for using soft plastic; or
- Removing or altering the packaging to avoid fees — which may appease regulatory or public pressure, but would lead to increased waste at the retail and consumer end due to reduced shelf life and product damage.

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<sup>11</sup> [To wrap or not to wrap cucumbers - EMPA](#)

This dilemma illustrates a key point: environmental outcomes cannot be reduced to packaging inputs alone. Any scheme that penalises packaging materials without accounting for their role in reducing food waste risks undermining broader sustainability goals — including emissions, water use, and land resource efficiency — while ultimately increasing the cost burden on both producers and consumers.

Fresh produce suppliers are not opposed to transitioning to better packaging, but must consider a range of factors, below are other case studies that demonstrate the real-world packaging considerations facing supplies.

### ***Table Grapes***

Table grapes were historically sold loose in major supermarkets, but due to the level of in-store food waste and incidents of customers slipping on grapes and subsequent compensation claims, retailers now request them to be sold in packaging.

For example, packaging table grapes in a paper bag is 50% more expensive as a material cost when compared to a soft plastic bag. Studies<sup>12</sup> also demonstrate that plastic bags (especially perforated or modified atmosphere packaging) help retain moisture and slow down dehydration, oxidation, and microbial growth — all of which are critical for maintaining the quality of table grapes. In contrast, paper bags allow for greater moisture loss and less control of the microenvironment around the fruit.

Further, packaging grapes in punnets is more expensive than bags. A cardboard punnet with an RPET lid is 35% more expensive than an RPET Punnet on material cost alone, with additional labour costs associated with manual packing requirements. Therefore, to package grapes in a manner perceived to be most recyclable, without compromising shelf life (i.e. using a cardboard punnet with RPET lid), would cost over 325% more than a soft plastic bag. This cost would be passed onto consumers/supply chain.

### ***Berries***

Packaging berries, such as strawberries, raspberries, and blackberries, presents unique challenges due to their high perishability, sensitivity to bruising, and susceptibility to mould and decay. Trials comparing paper packaging with PET punnets have shown that paper packaging results in increased weight loss (in fruit) and a shorter shelf life due to greater moisture loss and reduced structural protection. In contrast, PET punnets offer multiple advantages:

- Durability: PET is lightweight yet rigid, protecting berries from bruising and crushing during handling and transport.
- Ventilation: Many PET punnets incorporate vent holes to support airflow, helping to regulate humidity and reduce condensation.
- Visibility: Transparent PET enables consumers to assess quality without opening the packaging, reducing waste from opened or mishandled product.

An important addition to this packaging system is the moisture-absorbing pad, which significantly enhances the shelf life and quality of berries:

- These pads absorb excess moisture released by the fruit, which helps to reduce the risk of microbial growth and mould, a common cause of spoilage in berries.
- By maintaining a drier microenvironment, they prevent the pooling of juice and softening of the fruit, thereby preserving texture and appearance.
- Some advanced pads also incorporate ethylene absorption, which slows down the ripening process and further extends freshness.

Trials have demonstrated that when used in conjunction with PET punnets, moisture-absorbing pads can extend the shelf life by:

- 7+ days for blackberries
- 5+ days for raspberries

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<sup>12</sup> [Effect of Packaging on Shelf Life and Quality of Table Grapes - Postharvest Biology and Technology](#)



- 4+ days for strawberries

These gains are significant, especially in supply chains that involve long-distance transport or require extended shelf presence in retail environments. By reducing spoilage, the pads not only enhance sustainability but also improve product quality for the end consumer and reduce financial losses due to unsellable stock.

These case studies highlight the complexity of packaging design and material selection in fresh produce, where decisions must balance product protection, environmental impact, and cost. Packaging that may appear environmentally burdensome—such as soft plastics—often plays a critical role in reducing food waste, which carries a far greater environmental footprint. Introducing fees and administrative burdens through a one-size-fits-all EPR scheme risks distorting this balance, potentially tilting decisions toward packaging options that appear ‘better’ but ultimately result in greater food waste and worse environmental outcomes.

## 4. Limited data on Australian Fresh Produce Packaging design, material and volume

There are significant data collection challenges within the fresh produce sector, many growers and suppliers (particularly small and medium-sized enterprises) do not have systems in place to accurately track the types and volumes of packaging used. This is largely due to the complex nature of packaging control within the supply chain, where packaging decisions are often influenced or mandated by third parties such as retailers, rather than the producers themselves (discussed further under section 5. Ownership of Fresh Produce Packaging).

At both business and industry levels, there is currently no comprehensive source of data on fresh produce packaging. The sector’s diversity, decentralised structure, and lack of shared specifications from packaging manufacturers further limit transparency. These factors make it difficult to assess environmental impacts or establish a baseline for regulatory or voluntary action. The absence of a centralised body with oversight of packaging material flows exacerbates this gap, hindering coordinated planning and policy development. APCO could be this body, but would need to commit to undertaking the required preparatory work.

Moving straight to introducing reporting requirements on these businesses, especially SMEs, is likely to produce inaccurate results while the businesses develop their capabilities.

To ensure that any reform is effective and equitable, it is essential to first close this data and knowledge gap. A coordinated effort is needed to map the current packaging landscape, understand material flows, and identify recycling outcomes across the sector. This foundational work will enable evidence-based decision-making, support realistic goal setting, and allow for the development of policies that advance sustainability without compromising the viability of the fresh produce supply chain.

## 5. Ownership of Fresh Produce Packaging

The question of packaging ownership within the fresh produce supply chain is complex, due to multiple layers of decision-making, often influenced by the commercial relationships between suppliers and retailers. In many instances, retailers exercise significant (even complete) control over packaging specifications, particularly for private label products. Control over packaging has become a prevalent issue of recent supermarket inquiries related to market power. This includes Dr. Emerson’s recent review of the *Food and Grocery Code of Conduct* and the current Australian Competition and Consumer Commission (ACCC) *Supermarket Inquiry*, both of which have emphasised the strong influence that major retailers exert over suppliers when it comes to packaging decisions.



Consumer facing packaging within the fresh produce industry can be considered simply within three categories (retailer-set, mutual agreed, and supplier-set), however there are some underlying factors that must be understood to appreciate how these categories have come to exist.

Firstly, with limited access to overseas markets, 95% of Australian fresh produce is sold to the domestic market for fresh consumption or processing. By a significant margin, the largest end-consumer/buyer of fresh produce is Australian households. Three retailers, Woolworths, Coles and Aldi, hold 75% of the grocery retail market. Meaning that most producers must trade with one or more of these three retailers (directly or indirectly) to sell their produce at a commercially sustainable volume.

Secondly, most suppliers grow the same variety of produce that is required to meet the same pre-set specification, making any one supplier's product indistinguishable from another's. For example, retailers can source carrots, pink lady apples, cos lettuce, cherry tomatoes, baby broccoli, etc. from multiple producers and the customer would not be able to determine the difference, especially when the product is offered in private label packaging or loose. Furthermore, some producers pack in generic industry packaging (with just the product name, for example "Australian Table Grapes" or "Strawberries"), as many SMEs do not have available resources to design packaging and therefore use generic packaging provided by packaging suppliers that meet retailer specifications.

Third, some growers have unique offerings, as they have cultivated a special variety and/or own the Intellectual Property (IP) or licence associated with a variety, for example to the *Honey Gold Mango*, *Jazz Apple* or *Autumn crisp table grapes*. These rights holders have the ability to control how their variety of fruit or vegetable is produced, marketed, and sold. Depending on their business strategy, these suppliers may exclusively provide their variety to a retailer to be marketed under the retailer's private label. In this arrangement, while the grower owns the variety, the retailer continues to have significant influence over packaging and branding decisions.

Alternatively, suppliers may choose to package, brand, and market their product independently under their own brand. This is especially common in premium and proprietary varieties where the brand itself carries significant consumer recognition and loyalty. It should be noted that this is a significant minority of fresh produce grown, marketed and sold in Australia. In these instances, suppliers retain control over the packaging design and branding to ensure consistency with their global or regional brand strategy, while still meeting the logistical and quality requirements of the retailer.

### **Outcomes of the ACCC Supermarket Inquiry**

Retailer control over packaging and branding featured prominently in the ACCC's recent inquiry into Supermarkets. The ACCC confirmed that retailers have specific requirements for most fresh produce packaging, which is set out in a variety of agreements between the retailer and their suppliers. The ACCC included the following information in its Final Report<sup>13</sup>, page 326:

#### **Coles**

*For packaging other than Coles own brand packaging, (such as cardboard cartons for pre-pack apples) the product specifications and fresh produce supply agreement contain the requirements for the packaging.<sup>1664</sup> Suppliers can then choose where they source packaging from, subject to the packaging meeting these requirements.<sup>1665</sup>*

*For Coles own brand products (including fresh produce), Coles requires suppliers to use the design and artwork for packaging supplied by Coles.<sup>1666</sup> Coles submitted that this requirement is intended to maintain a consistent look for the Coles range of goods.<sup>1667</sup> Coles further submitted that suppliers can use a printer of their choice, provided the printer meets Coles' Approved Printer Audit specifications and completes a Print Requirements Form.<sup>1668</sup> Coles will provide the supplier with the artwork for the supplier's preferred printer's specifications.<sup>1669</sup>*

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<sup>13</sup> ACCC – [Final Report: Supermarket Inquiry](#)

## **Woolworths**

*For vendor-branded fruit and vegetable products, Woolworths does not impose any packaging requirements on suppliers other than requiring suppliers to comply with State or Federal legislation, rules or regulations regarding packaging.<sup>1670</sup>*

*For Woolworths own brand products, Woolworths stipulates packaging requirements such as that cardboard must be used or that packaging must be recyclable. Suppliers source packaging themselves the details of which (for example, cardboard grade and thickness), must be agreed with Woolworths.<sup>1671</sup>*

The ACCC concluded that “Packaging requirements and branding restrictions for fresh produce impose costs on suppliers and prevent some suppliers from establishing any brand loyalty, which can enhance supermarkets’ monopsony power” and recommended that (subject to further consultation on implementation) “Suppliers should be allowed to apply their own branding to fresh produce”. While this recommendation was largely aimed as loose produce, it wasn’t explicit and therefore, depending on if and how it is implemented, it may further complicate the application of the current “Brand Owner” definition to determine who pays the EPR fees.

In approaching packaging regulation and/or any kind of scheme or system that may influence fresh-produce packaging decisions, it is essential that the outcome does not create a situation that further exacerbates the issues identified by the ACCC – that is introducing more challenges for producers to apply their own branding to fresh produce packaging, and similarly not further restrict their control over packaging used for their produce.

### **Categories of ‘brand ownership’ in Fresh Produce:**

As briefly covered above, the degree of control over fresh produce packaging varies widely depending on the nature of the commercial relationship and branding arrangement between the supplier and the retailer. These differences significantly influence who should be considered the “brand owner” for the purposes of packaging regulation, including EPR fee liability. In practical terms, fresh produce packaging generally falls into three broad categories based on who ultimately sets the packaging design and specifications:

#### **1. Retailer-Set Packaging**

For private label products, retailers typically determine packaging requirements, specifying everything from material composition and size to design and labelling. This gives them significant influence over how packaging is selected, balancing their own priorities—such as branding, product display, and cost-effectiveness—while often leaving little flexibility for suppliers. Retailers may require suppliers to undergo a “capability assessment” to confirm their ability to meet specific packaging formats, ensuring consistency and uniformity across their product offerings. Such arrangements can help achieve branding consistency, but they may limit the ability of suppliers to innovate in areas like sustainable packaging.

#### **2. Mutually Agreed Packaging**

In some cases, packaging decisions are made through mutual agreement between suppliers and retailers. For example, a product (e.g. cherry tomatoes) is provided to a retailer in a way that meets their specifications but carry’s the producer’s branding. This approach allows suppliers to promote their brand, while retailers ensure the packaging is suitable for their distribution channel.

#### **3. Supplier-Set Packaging**

When a supplier owns the intellectual property (IP) or brand of a product, they tend to have more control over packaging decisions. This is particularly common with branded, premium products like Driscoll’s *Sweetest Batch blueberries*. In these cases, suppliers set to their design standards, which retailers accept due to the value and recognition of the brand. For instance, Driscoll’s, an international supplier and marketer of berries, operates under a global packaging design system with standards for colours, style and label size/position that must be adhered to.

## 6. Response to the Consultation Paper

The AFPA also acknowledges that despite investments by businesses, including its own members, to improve packaging design and materials, recycling rates have remained stagnant and little progress has been made toward Australia's National Packaging Targets (NPTs).

The AFPA acknowledges that there is a strong desire from government to take a more proactive approach to drive up recycling rates and support a circular economy; that the Australian Government has expressed a strong preference to introduce an EPR Scheme for Packaging; and that many other jurisdictions around the world have adopted such a scheme to incentivise sustainable design and promote recycling through financial mechanisms.

The AFPA also accepts that there are barriers to improving recycling rates, including a lack of consumer education and action, and inadequate infrastructure and viable end markets for recycled content.

While the AFPA supports the underlying objectives of reducing packaging waste, increasing recycling rates, and minimising the environmental footprint, before supporting APCO's proposed approach it is essential to consider and address key concerns and issues both specific to the fresh produce industry and in general.

### **1. Introducing new cost pressures on a sector already under strain and creating a competitive disadvantage**

Fresh produce suppliers have experienced one of the sharpest increases in input costs in recent history, including labour, energy, freight, and materials. The introduction of additional packaging-related fees, combined with associated administrative costs, will exacerbate this pressure, affecting business viability and inevitably flowing through to increased consumer prices. These additional costs are especially challenging for businesses operating on tight margins, such as growers and packers.

Furthermore, as APCO membership is not universal, the introduction of fees may disproportionately impact members compared to non-members and businesses operating outside the scheme. This creates a perverse outcome where businesses that have engaged constructively with APCO and invested in better packaging solutions are financially penalised, undermining the collaborative intent of the scheme.

### **2. Risk encouraging sub-optimal or no packaging use leading to poorer environmental outcomes**

A scheme that (by introducing a substantial cost) encourages the removal of fresh produce packaging or incentivises the use of inferior packaging options may produce worse environmental outcomes overall. Current packaging solutions—often plastic-based—are used because they perform essential roles in protecting produce, preventing food waste, and enabling efficient distribution across the country. These benefits must be fully recognised in the design of any fee system.

### **3. Unclear definitions of "Brand Owner" and "placed on market"**

The definitions used for "Brand Owner" and "placed on market" lack clarity when applied to the fresh produce sector. In many cases, packaging decisions are made by retailers or wholesalers, not the producers themselves, even when the product carries a producer's brand or trademark. This raises concerns about which party is responsible under the scheme and how obligations will be enforced.

### **4. Treatment of B2B packaging not sufficiently addressed**

Further guidance is required on how business-to-business (B2B) packaging—such as film wrap used around pallets, retailer-mandated cartons, and reusable crates—will be treated under the scheme. Producers often have limited control over these packaging formats, which are specified or supplied by retailers or logistics providers.

### **5. Insufficient data to support informed fee-setting and compliance**

Many fresh produce businesses do not currently have the systems in place to track packaging volumes with the level of accuracy expected under the proposed scheme. Most existing data is approximate and based on sales estimates. Expecting these businesses to generate reliable data to inform APCO's FY27 fee-setting process within such short timeframes is unrealistic and may result in inaccurate or unfair outcomes.

Furthermore, at an industry level, robust data on fresh produce packaging use is extremely limited. This makes it difficult for any entity, including APCO, to make evidence-based decisions on appropriate fees or to evaluate environmental trade-offs. Significant investment in data collection and reporting infrastructure will be needed before fee models can be fairly applied to the fresh produce sector.

## **6. Uncertainty around the discounts/rebates and reinvestment of collected funds**

It is difficult to support the proposal without greater clarity around the incentives or rebates for different material types, acknowledging this is part of the consultation. The consultation paper also does not provide sufficient assurance that funds collected from businesses will be used in the required infrastructure and other ways that deliver value to those paying into the system, particularly regional suppliers or those already using recyclable packaging. Without a clear mechanism for linking payments to tangible benefits, the scheme may be perceived as inequitable and poorly targeted.

## **7. Need for transparent governance and equitable fund allocation**

The proposed model requires a robust, transparent governance framework to ensure EPR funds are allocated fairly and in alignment with clear environmental outcomes. Public reporting and accountability measures should be built into the scheme to ensure funds are managed effectively and equitably.

## **8. One-size-fits-all model may produce counterproductive outcomes**

Applying a uniform EPR fee structure across all sectors without accounting for the specific functions of fresh produce packaging may lead to unintended consequences. In particular, the added fees and administration burden may push businesses toward packaging choices that meet regulatory requirements on paper but result in increased food waste and higher total environmental impacts. A tailored, evidence-based approach is needed to avoid these perverse incentives.

## **Recommendations**

The AFPA support the reduction of non-functional packaging and other initiatives to reduce the sector's environmental impact. The AFPA also strongly support a national approach to the introduction of an EPR scheme. Therefore, the AFPA supports the intention of APCO's proposal, being to support the transition to, and maintenance of, a circular economy for packaging in Australia, however, does not support its implementation in FY27 or at any time without the resolution of critical outstanding issues.

Furthermore, the pursuit of any one environmental outcome to the detriment of others can lead to profound and unintended consequences. APCO's scheme as proposed, due to the introduction and variations in fees (by material types), is discouraging the use of certain types of packaging without considering their functional benefits or advantages, such as extending shelf life or protecting delicate items, this may result in increased food waste, negating the environmental benefits of reduced packaging use.

The AFPA make the following recommendations to APCO and seek further engagement on the topic.

### **Recommendation 1: Exempt Fresh Produce Packaging**

The packaging of fresh fruit and vegetable products should be exempt from the proposed arrangements until a sector-specific, evidence-based framework can be developed. This framework must account for the unique role of fresh produce packaging in reducing food waste, maintaining product quality, and supporting efficient distribution across Australia. Additionally, the framework should recognize the current lack of accurate packaging data in the sector, ensuring that any future obligations are practical, proportionate, and do not unfairly penalise businesses that already use fit-for-purpose and environmentally responsible packaging. A one-size-fits-all approach risks undermining broader sustainability goals, such as emissions reduction, and could lead to increased consumer costs.

## **Incentives and Timing Adjustments for Fresh Produce**

In lieu of a full exemption (as outlined in Recommendation 1), APCO should consider applying discounts specific to the fresh produce sector that recognise packaging decisions contributing to broader sustainability goals. These discounts could include:

- The use of locally sourced recycled content in packaging materials.
- Efforts to improve packaging circularity, such as aligning with Australian Recycling Label (ARL) guidelines or working with suppliers to phase out non-recyclable components.
- Reduction of unnecessary packaging where product integrity and food safety allow.
- Business investments in consumer education on disposal (e.g., QR code-enabled disposal information).

Additionally, APCO should extend its start date by a minimum of one year for the fresh produce sector. This would provide additional time for data collection, systems development, and compliance readiness, especially for SMEs and regional producers that may not currently have the capacity to meet the reporting and payment obligations in the short term.

## **Recommendation 2: Sector-Specific Co-Design Working Group**

APCO should establish a dedicated working group with fresh produce sector representatives. This working group would co-design an approach and establish clear definitions (e.g., of Brand Owner) that reflect sector-specific challenges, including shared packaging decisions between growers, packers, and retailers, as well as the variability in packaging types across different produce categories. This collaboration will ensure that fresh produce packaging is treated in a way that aligns with the industry's operational realities.

## **Recommendation 3: Independent Oversight and Transparent Fund Reporting**

To address concerns regarding transparency and governance, APCO should establish an independent oversight body or advisory committee, which would include industry representation from key sectors. This body would be tasked with reviewing and reporting on how EPR funds are allocated, what outcomes are achieved, and how those outcomes align with APCO's published performance targets.

Furthermore, APCO should annually publish a report that discloses the following:

- Total funds collected by material and sector
- Breakdown of fund allocation (e.g., education, infrastructure, service payments)
- Progress against recycling and landfill diversion targets
- Cost-efficiency metrics (e.g., dollars spent per tonne diverted)

Introducing this level of transparency will ensure accountability and foster trust in the system.