

SUBMISSION

FEDERAL SENATE INQUIRY INTO GREENWASHING

SEPTEMBER 2025

The Australian Retailers Association (ARA) and National Retail Association (NRA) welcome the opportunity to contribute to the Senate Standing Committee on Environment and Communications' inquiry into greenwashing.

The ARA and NRA (the Associations), which propose to amalgamate into the Australian Retail Council (ARC), represent a **\$430 billion sector**, and employs **1.4 million Australians** – making retail the largest private sector employer in the country and a significant contributor to the Australian economy.

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

Collectively, the Associations advocate for policies that support innovation, protect consumer interests, and promote sustainable practices. The Associations have a strong commitment to sustainability, evidenced by initiatives including climate action plans, net-zero emissions goals, product stewardship schemes, ethical sourcing, and the phase-out of single-use plastics. We have actively engaged in programs including in single-use plastic bans, bag bans, Container Deposit Schemes, the National Packaging Targets, textile stewardship, battery recycling, and waste diversion projects.

EXECUTIVE SUMMARY

As the inquiry has been re-adopted with a reporting date of 25 June 2026, the Associations appreciate the opportunity to provide this joint submission, reflecting consultations with our members and building on our previous individual inputs from June 2023. We note the terms of reference and offer comments below.

The Associations encourage a balanced approach prioritising education, awareness, and guidance alongside monitoring compliance with consumer laws. We emphasise that the majority of businesses do not actively intend to commit greenwashing or greenhushing, but rather this is an inadvertent consequence of a lack of education and resources, and inconsistent standards and definitions with respect to 'compostable', 'single-use' and other definitions. Penalties under existing frameworks are adequate deterrents, but enforcement should emphasise an education-first approach, as businesses struggle to comprehend, and comply with varying regulations.

We strongly recommend that the government support existing frameworks to mitigate greenwashing. This includes supporting the implementation of Federal Packaging Standards; introducing consistent, and reliable standards for plastics, packaging and recycled content; and adopting an education-first approach, as businesses struggle to comply with varying State and Territory single-use plastic bans, packaging requirements and obligations.

Our position is that the current Australian Consumer Law (ACL) framework is sufficient to address greenwashing, but ambiguity in definitions and practices make it difficult to eliminate. We submit that existing laws should be relied upon, supported by enhanced education, guidance, and enforcement, rather than new regulations that could increase costs for businesses and consumers, and stifle innovation.

GREENWASHING AND THE IMPACT ON THE RETAIL SECTOR

Retailers and consumers alike seek more sustainable, lower-impact products sourced through ethical supply chains that consider end-of-life impacts. A survey conducted in May of 2023, demonstrated that our members identified greenwashing as a high-priority issue, with over 55 percent viewing it as critical.

However, it is a symptom of broader challenges in achieving a circular economy. Businesses invest in sustainable innovations, but limitations in understanding whole-of-life environmental impacts, waste infrastructure, and rapidly evolving regulations can lead to unintentional misleading claims.

We identify two types of greenwashers: those who deliberately mislead and those who do so unintentionally because of complexity or resource constraints. All industry players are affected: ethical traders lose revenue from unfair competition and reduced consumer confidence in genuine claims, while unintentional offenders face penalties and reputational damage.

Greenwashing also disincentivises leadership, leading to "greenhushing", where businesses underreport efforts to avoid scrutiny. Globally, studies like South Pole's 2022 Net Zero and Beyond Report highlight this, with nearly a quarter of surveyed firms (including Australian ones) opting not to publicise emissions targets.

Retailers play a vital role in educating consumers and linking manufacturers and suppliers with products and services. When consumers seek sustainable options, retailers catalyse change by working with suppliers. Greenwashing erodes public trust, slows market progress, and can cause "greenhushing," hindering transparency and consumer trust.

BARRIERS TO BUSINESS COMPLIANCE – THE CAUSES OF GREENWASHING

Several key barriers make it challenging for businesses, especially SMEs and culturally and linguistically diverse (CALD) operators, to ensure claims are accurate and provable under Australian Consumer Law (ACL):

- **Lack of Clear Definitions and Guidance:** Terms like "reusable", "ocean plastic," or "ocean-bound plastic" lack standardised, testable definitions. Businesses need updated, sector-specific advice on misleading language and imagery.
- **Difficulty Obtaining and Verifying Proof:** SMEs often lack resources to validate supplier claims or conduct due diligence on documentation. Retailers, as consumers themselves, can be misled and should not bear sole responsibility.
- **Interjurisdictional Inconsistencies:** Varying state regulations and waste infrastructure (e.g., recycling standards) increase complexity and costs for national operators, leading to consumer confusion and potential misleading claims. National harmonisation on recycling infrastructure, definitions for 'single-use', and 'reusable' is essential for efficiency and optimal environmental outcomes.
- **Rapid Changes and Lack of Capacity:** The pace of environmental rules overwhelms businesses. Confusion between terms like "compostable" and "biodegradable" has led to investments in harmful degradable plastics, which fragment into microplastics and are banned, or proposed for bans in several states.
- **Complexity and Resourcing:** Sustainability involves technical, holistic approaches across supply chains, regulated by diverse instruments (e.g., consumer protection, advertising standards). Traceability gaps, lack of resourcing, and knowledge prevent confident use of recycled content, increasing greenwashing risks.

- **Prohibitive Costs for SMEs:** External testing, verification, and certification are expensive, disproportionately affecting small businesses.

COMMENTS ON THE INQUIRY TERMS OF REFERENCE

- **Environmental and Sustainability Claims:** Claims span industries including vehicles, household products, food packaging, product packaging, business to business packaging, cosmetics, clothing, and footwear. Retailers rely on foreign manufacturers' standards, posing challenges for verification.
- **Impact on Consumers:** Misleading claims erode trust, leading to poor choices and reduced demand for genuine sustainable products.
- **Advertising Standards:** Enhance the Australian Association of National Advertisers (AANA) Environmental Claims Code to align with current practices. Education campaigns with case studies on best practices (e.g., credentialing) are recommended over new laws.
- **Legislative Options:** Existing Australian Consumer Law is fit-for-purpose; prioritise education before enforcement. Support industry codes and ACCC guidance.
- **National Harmonisation:** Businesses require consistency to invest in products and services that are fit-for purpose and promote true, circular economy outcomes. National kerbside standards, Federal packaging standards, and consistency on single-use plastic bans, and definitions on 'single-use' and 'reusable' will ensure businesses can comply, without inadvertently committing greenwashing.
- **Other Related Matters:** Focus on supply chain responsibilities and streamlined, third-party certifications (e.g., over 57 schemes in Australia). Certifications are complex, difficult to navigate, and inconsistent.

RECOMMENDATIONS

The Associations encourage a balanced approach prioritising education, awareness, and guidance alongside monitoring compliance with consumer laws. Regulations should encourage sustainable options without discouraging promotion of genuine credentials. Penalties under existing frameworks are adequate deterrents, but enforcement should emphasise education first.

The ARA and NRA recommend:

- **Strengthening ACCC guidance** with standardised definitions, practical examples, and endorsed certification schemes (e.g., Australasian Recycling Label (ARL), National Plastics Recycling Scheme (NPRS), Forest Stewardship Council).
- **Investing in business and consumer education campaigns**, especially for SMEs and CALD businesses, covering circular economy principles, waste hierarchies, and debunking myths (e.g., compostable vs. biodegradable). Importantly, this education should extend to supporting SMEs in lifting their sustainability efforts.
- **Pursuing national harmonisation of environmental regulations and infrastructure** to reduce red tape, establish circular economy legislation, deliver packaging reform, and contribute to productivity growth.
- **Developing an industry Code of Conduct for sustainability claims**, drawing on models like Timber Due Diligence for transitions, training, and feedback.

- **Support traceability standards across supply** chains to enable verifiable recycled content use and reduce greenwashing risks.

Greenwashing remains a concern, creating compliance and reputational risks for retailers committed to sustainability. By addressing barriers through education, guidance, and harmonisation, rather than new legislation, we can protect consumers, foster innovation, and advance a circular economy.

We support efforts to curb greenwashing for the benefit of retailers and consumers.

Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au and policy@nationalretail.org.au