

Soft Plastic Stewardship Australia response to ACCC request for information dated 29 May 2025

Question 1

On 9 May 2025 SPSA and APCO issued a joint communication about the authorisation application.

- (a) Explain which, if any, aspects of the conduct described in the joint communication is proposed to be covered by the authorisation, including the persons for whom authorisation is sought (and in particular whether this includes APCO).
- (b) To the extent conduct described in the joint communication is proposed to be covered by the authorisation, explain what effect that conduct may have on the conduct for which authorisation is sought. In particular, please address how the Horizon 2 potential future state may affect the conduct for which authorisation is sought, noting the authorisation is sought for 8 years.
- (c) With regard to the levies in Horizon 1 and Horizon 2, it is proposed that APCO will collect voluntary fees from Scheme participants:
 - (i) Can you confirm that APCO will be collecting fees from all Scheme participants or just those that are also members of APCO?
 - (ii) In Horizon 2, is APCO proposed to be setting and collecting the levy from Scheme participants? What is the scope of this proposal?
 - (iii) Is APCO setting levies for its members in relation to the Scheme independently from SPSA, or for all Scheme participants?
- (d) We note that a detailed term sheet is under development between the parties to formalise the proposed arrangements. When will this be available to the ACCC?
- (e) What governance role, if any, will APCO have in regard to SPSA?

Horizon 1

- 1 SPSA considers that the conduct described as 'Horizon 1' in the joint communication from APCO and SPSA dated 9 May 2025 (**Joint Communication**) is covered by SPSA's request for authorisation.
- 2 As set out in Annexure A to the Joint Communication, under Horizon 1 APCO would have a role in invoicing, data collection, associated audit and assurance activities and member engagement. In product stewardship schemes, it is common for data collection, invoicing and associated audit and assurance activities to be conducted by third parties, often referred to as 'black box' arrangements, to ensure that commercially sensitive information is not exchanged between scheme participants. APCO members already report on packaging materials to APCO under the Australian Packaging Covenant, therefore utilising APCO's processes could reduce duplication of reporting (and associated cost) and could assist to streamline administration and invoicing for Scheme Participants who are also APCO members.
- 3 As foreshadowed in the Joint Communication, SPSA and APCO are still in discussions regarding the exact terms of APCO's role in relation to Horizon 1. However, under the current proposal:

- (a) APCO would collect soft plastic packaging data from APCO members. Where Scheme Participants are not APCO members, APCO could also collect soft plastic packaging data for these organisations.
 - (b) APCO would be responsible for invoicing all Scheme Participants, unless Scheme Participants (in particular non-APCO members) did not agree to this arrangement.
 - (c) APCO would leverage existing systems and data capture mechanisms, minimising duplication of reporting and associated cost and administrative burden for Scheme Participants.
- 4 SPSA will remain responsible for setting the Scheme Levy and Minimum Levy, as set out in the Application. If Scheme Participants do not agree to APCO collecting their packaging data and invoicing them, SPSA will make arrangements with alternative third-party service providers.
- 5 As part of APCO's role in providing these services, APCO would provide SPSA with aggregated packaging placed on market data from APCO to enable SPSA to operate the Scheme. SPSA will implement appropriate ring-fencing in relation to the collection and processing of Participant Confidential Information (as defined in the Scheme Agreement to include packaging placed on market data) and minimise receipt of Participant Confidential Information by SPSA. The Scheme Agreement also imposes restrictions on the use and disclosure of Participant Confidential Information by the collection agent (whether that be APCO or another service provider) and SPSA.
- 6 While SPSA considers that the competition law risk arising from any arrangements with APCO is limited (if it arises at all), SPSA has amended the description of the Proposed Conduct (as set out in Schedule 1) and added APCO as a third party that SPSA will be dealing with to clarify that the Horizon 1 conduct is intended to be covered.

Horizon 2

- 7 SPSA is yet to confirm alignment with Horizon 2, but thought it important to give the ACCC and industry an overview of how SPSA and APCO could work together in the future if APCO's revised 2030 Strategic Plan is endorsed by Environment Ministers and implemented. However, commencement of APCO's 2030 Strategic Plan and the timing of any roll out is not yet certain and APCO announced on 6 June that implementation has been deferred to allow for refinement of its model. In addition, the federal government's packaging reform could impact APCO and the roll out of the Plan. While there are a number of reform options being considered by government, SPSA considers that it can operate under any of the reform options, and is ready to commence operations while the regulatory reform process is occurring.
- 8 Given the above, there is no current agreement regarding the setting and collecting of the levy under Horizon 2, as it is just one of a number of possible outcomes. SPSA intends to continue discussions with government and APCO around what a potential future state could look like, and to work closely with APCO in relation to future ways of working together. If APCO's revised 2030 Strategic Plan and Horizon 2 arrangements (or a similar arrangement under which APCO would be responsible for setting and collecting levies for all Scheme Participants) are ultimately endorsed, SPSA would need to consider any impact on the Scheme and may need to revoke or vary its authorisation as appropriate.

Term sheet between SPSA and APCO

- 9 The proposed arrangement under Horizon 1 is under discussion between the parties. SPSA will provide an update on the term sheet and/or service agreement in due course. As above, SPSA considers that the terms of Horizon 1 align with the conduct set out in SPSA's Application.

Governance of the Scheme

- 10 Under Horizon 1, the Scheme's governance arrangements lie entirely with SPSA as set out in the Application.
- 11 Governance arrangements under Horizon 2 would depend on a number of factors including whether APCO's revised 2030 Strategic Plan is endorsed and the nature of any regulatory reform.

Question 2

Please confirm the intended scope of the Proposed Conduct as outlined at paragraph 5.1 of the application, and in particular address the following:

- (a) The precise conduct for which authorisation is sought (i.e. the conduct to which Division 1, section 45 and section 47 in Part IV of the Act would or might apply) and a brief explanation as to how the relevant provisions of Part IV would or might apply. For example:
- (i) In relation to dot point two under paragraph 5.1 of the application, what is intended to be captured by 'membership terms and conditions'? Consider whether you wish to include as part of your response references to specific provisions of the Scheme Agreement and/or SPSA's Constitution for which authorisation is sought. Please identify how Part IV of the Act would or might apply to the membership terms and conditions; and
- (ii) In relation to dot point 5 under paragraph 5.1 of the application, precisely identify the services that will be arranged and acquired by the applicant.
- Consider specifying the services without the use of an inclusive definition and identifying what is meant by "other associated third-party logistics services" as compared to the services already particularised in your response.
- You should ensure that all conduct the applicant and/or members will engage in as part of the Scheme to which Part IV of the Act would or might apply and for which authorisation is sought is captured within the description of the Proposed Conduct.
- (b) Who is proposed to engage in which aspects of the Proposed Conduct. Please consider clarifying the persons for whom authorisation is sought in relation to each element of the Proposed Conduct

- 12 SPSA has made some refinements to the Proposed Conduct based on discussions with the ACCC since lodging the application. Schedule 1 sets out further information on the intended scope of the Proposed Conduct.
- 13 In summary, SPSA is seeking authorisation for the following Proposed Conduct:
- (a) SPSA setting and collecting, and the Scheme Participants agreeing to pay, the Scheme Levy and Minimum Levy, which may be passed on by a Scheme Participant as part of their price and may be eco-modulated in the future;
- (b) SPSA developing, setting and imposing membership terms and conditions and Scheme Participants agreeing to these terms and conditions;

- (c) Agreements between SPSA and each of Coles, Woolworths and ALDI (being members of the Taskforce) (as required) to allow SPSA to take over and expand on the instore collection program being run by the members of the Taskforce including transferring arrangements with service providers to SPSA;
- (d) The sharing of operational information and data between SPSA and Coles, Woolworths and ALDI (being the members of the Taskforce) (as required) to facilitate SPSA's operations, including to transfer the arrangements for the Taskforce instore collection program run by Coles, Woolworths and ALDI to SPSA;
- (e) SPSA arranging for and acquiring services to implement and operate the Scheme, including by entering into and giving effect to contracts with service providers for the collection, transport, sortation, storage, processing and recycling of used soft plastics and third-party services for invoicing, collecting and managing and auditing packaging data;
- (f) SPSA and Scheme Participants discussing and agreeing communications to consumers and the public in relation to the Scheme, including marketing and educational activities; and
- (g) SPSA and APCO sharing market analysis, modelling, research and packaging placed on market data and agreeing communications to APCO members for the purpose of the Scheme.

Question 3

The application indicates various scenarios for the future without the Proposed Conduct. Please provide further information in relation to each of these including the likelihood of each:

- (a) There would be material restrictions on the ability of the Scheme participants to work together to establish and operate an industry-wide soft plastics product stewardship scheme, particularly as Scheme participants would be unable to agree on a levy
- (b) Concerns about competition law risks may discourage some Scheme participants from participating in the establishment of the Scheme at all
- (c) If the Scheme proceeded, it would work in a substantially less effective and timely manner.

14 In the future without the Proposed Conduct:

- (a) SPSA and Scheme Participants would not be able to agree a levy based on soft plastics placed on market to fund the Scheme, due to the risk that this may raise price fixing issues. Without a levy, it would be difficult to implement an industry-wide scheme and funding would be an issue. The lack of a levy would undermine the equitable basis for distributing the costs of the Scheme and would therefore damage Scheme participation and, ultimately, the development of soft plastics recycling in Australia.
- (b) As some participants in the Scheme are competitors or potential competitors and the Scheme is designed to ultimately be industry-wide, collective acquisition and contracting for soft plastics recycling services, such as collections, transport, sortation and processing services, raises competition law risks. As the Scheme expands, these risks would need to be continuously reassessed and managed, undermining the Scheme's operations. It is the collective nature of the Scheme that increases the competition law risk compared to if individual organisations were to make their own arrangements. However, this is also key to the Scheme's success. Collective action is critical to scale soft plastics recycling, especially given the low likelihood of individual businesses

unilaterally establishing their own recycling arrangements (as explained at question 4 below). As set out in SPSA's response to interested party submissions, if SPSA is not authorised to take collective action imminently, there are significant risks for the viability of some processors and recyclers.

- (c) Members of SPSA would be required to materially restrict collaboration, including the sharing of information between the Soft Plastics Taskforce and SPSA. This could create difficulties for SPSA in taking on responsibility for the instore collections program currently being run by the Taskforce, which is an important part of the Scheme's proposed multi-channel strategy.
 - (d) Scheme Participants beyond the Initial Members are unlikely to join the Scheme due to the competition law risks (both perceived and real). Initial Members may discontinue participation on the same basis.
- 15 The SPSA Scheme has been designed to ultimately be an industry-wide initiative with a view to recommencing and accelerating soft plastics recycling in Australia. For the reasons set out above, without authorisation of the Proposed Conduct, the Initial Members of SPSA would not proceed with establishing an industry-wide stewardship Scheme under the current regulatory framework. At a minimum, the Scheme in its current form could not proceed and Scheme participation would be significantly impacted, undermining operations and, consequently, the expansion of soft plastics recycling and the effectiveness of the Scheme.

Question 4

In the future without the Proposed Conduct, how likely is it that Scheme participants would unilaterally engage with processors and service providers of transport, collection, sorting and storage of soft plastics (for example, still continue with in-store collections and processing)? If so, what would be the disadvantages of doing so instead of collectively through the Scheme?

- 16 SPSA understands that the Soft Plastics Taskforce instore collection pilot program and the National Plastics Recycling Scheme (**NPRS**) kerbside pilots are the only arrangements that brands and retailers have in place with processors to recycle business-to-consumer soft plastics at scale.¹ These current arrangements are not sufficient to provide the ongoing levels of feedstock required by processors to remain viable and were only ever intended to operate until a broader Scheme could be implemented.
- 17 In the case of the Taskforce, this arrangement was only ever intended to operate as an interim solution to process the REDcycle stockpiles and resume instore collection pilots for soft plastics until a longer term solution could be developed.² This is reflected in the Taskforce's current ACCC authorisation, which is short-term (expiring 31 July 2026) and is for limited conduct, being management of the remaining soft plastics stockpiles and recommencement of the in-store pilot program.

¹ Some businesses have on-site collection points for their employees to return household soft plastic and arrangements with processors to recycle this material and there are a small number of arrangements in place between councils and processors (eg, Curby). However, SPSA understands that these arrangements cover less than 1% of household soft plastic packaging placed on market. There are also direct arrangements in place for business-to-business soft plastics (eg pallet wrap).

² This is acknowledged in the scope of the conduct that the Taskforce has been authorised to engage in as well as the Taskforce's progress reporting to the ACCC. See eg, Coles Group Limited, Application for Authorisation (AA1000627) dated 16 November 2022, p 4. Available at: <https://www.accc.gov.au/system/files/public-registers/documents/Application%20Received%20-%2016.11.22%20-%20PR%20-%20Coles.pdf?ref=0&download=y>. See also Coles Group Limited, Application for Authorisation (AA1000673) dated 24 June 2024, p 6. Available at: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/coles-group-on-behalf-of-itself-and-participating-supermarkets-3>.

- 18 Without the Proposed Conduct, it is highly unlikely that Scheme Participants would unilaterally engage with processors and other service providers to facilitate business-to-consumer soft plastics recycling at scale. This is evidenced by the lack of unilateral arrangements currently in place, and the low recycling rate for soft plastic packaging. As set out in the Application, the primary market failure is the high cost of collecting, processing and recycling soft plastics, which exceed the value of recovered materials. As such, there is no financial incentive to undertake these activities. Further:
- (a) the nature of soft plastics means that it is not feasible to set up an 'own brand' recycling system where consumers can return a company's soft plastic packaging to that company. Part of the benefit of the Scheme is that businesses of all sizes can participate, including those businesses that do not have the resources to invest in soft plastics recycling on an individual basis; and
 - (b) unilateral contracting by Scheme Participants does not have the efficiencies brought about by collective action and would likely fail to adequately scale to attract the essential investment confidence in recycling infrastructure. As set out in further detail at question 14 below, collective action will facilitate better contractual outcomes for SPSA and service providers, reduced transaction costs (as individual Scheme Participants will be able to share financial responsibility for SPSA's centralised operations), increased collection points, improved data and performance monitoring across industry and improved consumer education.
- 19 Therefore, in the future without the Proposed Conduct:
- (a) it is unlikely that the existing measures for business-to-consumer soft plastics recycling will be expanded, and it is possible that these measures may ultimately be wound back or ceased given these arrangements were only intended to provide an interim solution prior to the commencement of a broader Scheme; and
 - (b) it is unlikely that Scheme Participants would unilaterally establish widely available 'own brand' recycling systems for consumers to return business-to-consumer soft plastic or engage with processors and service providers for this purpose.

Question 5

What information under the Proposed Conduct will SPSA make available to consumers that otherwise would not be available, as consistent or as accessible?

- 20 Part of the concept behind SPSA is to centralise information about soft plastics recycling and to be a consistent voice for the recycling of soft plastics nationally.
- 21 Currently, there is limited information about soft plastics recycling available to consumers, as only limited, local soft plastics recycling arrangements exist.
- 22 Some information has been provided to consumers about soft plastics recycling as part of the NPRS trials and pilots as well as through the instore collection pilot program run by the Taskforce. SPSA intends to build on this as further collection channels are rolled out on a staggered basis.
- 23 If the Scheme is authorised:
- (a) SPSA plans to develop marketing and educational materials which promote the Scheme and provide details to consumers on how to recycle soft plastics and the benefits of soft plastics recycling. Increased education and a consistent message to consumers can

support behaviour change and will increase consumer confidence to engage in soft plastics recycling. SPSA plans to engage in a range of activities such as providing information in kerbside 'starter packs', local area marketing, instore campaigns and online resources. This will support the roll out of soft plastics recycling and the environmental benefit provided by the Scheme. The use of the Levy Contributions to fund marketing and education spreads the cost of these activities between Scheme Participants.

- (b) As set out in further detail at question 9 below, the operation of the Scheme will also support the use of labelling, such as the Australasian Recycling Label (**ARL**), including the 'Check locally' logo. The 'Check locally' logo directs consumers to the ARL website where they can search locations to recycle soft plastic packaging within their council area.³ This allows labelling to evolve with collections and recycling capacity. SPSA will provide resources to assist Scheme Participants in using this labelling, which is likely to increase rates of soft plastics recycling.
 - (c) SPSA will include updates about soft plastics recycling both on its website and in its reporting, which will be made public and therefore easily accessible for consumers. Consistent reporting over time by SPSA will allow measurement of progress. SPSA will stay abreast of both domestic and international developments in the space and intends to participate in industry working groups to contribute to progress, which will contribute to the development of information for consumers.
 - (d) SPSA will provide consistent messaging to industry, which can be passed on to consumers.
- 24 In a future without the Proposed Conduct, the Scheme in its current form could not proceed and, if it proceeded at all, is likely to have limited reach and be less effective. In these circumstances, consumers would need to access information on local soft plastic recycling options (if any) and reporting from a variety of different sources. These sources could include businesses, processors, APCO, local councils and government.
- 25 Through the activities set out above, the Proposed Conduct would facilitate clear, consistent and accessible messaging about soft plastics recycling to consumers. SPSA will provide a unified voice on behalf of Scheme Participants and has committed to regular public reporting. Consumer engagement under this model is likely to be more consistent and accessible than if Scheme Participants were to unilaterally engage with consumers. In providing information to consumers, SPSA will be conscious of the need to ensure that the activities of the Scheme are clearly communicated, acknowledging that an initial period is required to establish the Scheme and scale up activities.

³ See Australasian Recycling Label: <https://arl.org.au/>.

Question 6

The application indicates that an annual report will be published on SPSA's website and will include 'recovery and processing amounts during the preceding 12-month period', being the volume of soft plastics collected and sent to processors under the Scheme.

- (a) Will SPSA publish aggregated total volume of soft plastics placed on the market by participants and volume of soft plastics actually diverted from landfill through Scheme activities? If not, why?
- (b) Will this reporting contain details of downstream end market outcomes, including reporting of tonnes of recycled content re-entering the market, procurement of Scheme recycled materials by Scheme participants, and metrics on newly generated end markets? If not, why?

- 26 In response to question 6(a), SPSA's annual report will include key data such as the total aggregate volume of soft plastics placed on the market by Scheme Participants, and the volume of soft plastics collected through the Scheme and sent to processors. This will effectively be the volume of soft plastics diverted from landfill through Scheme activities, with minor impacts expected from contamination and processing. SPSA will aim to minimise contamination in collected material through consumer education on recycling and engagement with processors. SPSA's approach to distributing recycled material based on the quality of material, the strengths of different modes of recycling and end market application will seek to minimise the amount of collected material that may go to landfill.
- 27 In response to question 6(b), SPSA's annual report will include information relating to downstream end market outcomes, including the following:
- (a) total aggregate volume of soft plastics collected and sent to processors;
 - (b) total aggregate volume of processed materials sent to end markets (by sector) (noting this could include recycled material collected through channels other than the Scheme); and
 - (c) information regarding newly generated end markets and development of existing end markets.
- 28 Further information on the targets that SPSA has committed reporting on is set out at page 23 of the Application.
- 29 In the future, SPSA expects that traceability systems aligning with the federal government's National Framework for Recycled Content Traceability will be able to provide transparency regarding material flow to end markets for those procuring recycled plastic, including procurement by Scheme Participants.⁴ SPSA will continue to review the traceability procedures available for use by the Scheme. Reporting by SPSA on end market outcomes would be on an aggregate basis where required to ensure commercially sensitive information remains confidential.

⁴ See DCCEEW, National Framework for Recycled Content Traceability. Available at: <https://www.dcceew.gov.au/environment/protection/waste/recycled-content-traceability>.

Question 7

What governance arrangements/mechanisms are in place to deter SPSA members/Scheme participants from representing that they are supporting better environmental outcomes when in practice the Scheme may not divert material quantities from landfill?

- 30 SPSA is confident that the Scheme will divert material quantities from landfill compared to the present situation, in which SPSA estimates less than 1% of consumer soft plastic packaging placed on market is recycled. SPSA has forecast the amount of soft plastics that it expects will be collected and processed through the Scheme (which, as above, is effectively the total amount of soft plastics diverted from landfill) each year during the eight-year period of authorisation – see response to question 12 and Schedule 3 below.
- 31 SPSA will provide guidance to Scheme Participants in relation to Scheme information and use of the Scheme brand and other labelling, including through the Scheme Advertising and Branding Guidelines (see clause 9 of the Scheme Agreement). SPSA will publish these materials on its website for Scheme Participants to access.
- 32 SPSA's public reporting obligations and traceability systems, together with Scheme Participants' individual legal obligations, including under the Australian Consumer Law (**ACL**), also serve to deter any misrepresentation by SPSA members or Scheme Participants regarding the Scheme's environmental outcomes. Specifically:
- (a) **SPSA's public reporting obligations:** SPSA will publish quarterly and annual reports which provide information on the Scheme's environmental outcomes, including the total aggregate volume of soft plastics recovered and processed under the Scheme. This reporting ensures that the Scheme's environmental outcomes are transparent, which serves to deter Scheme Participants from misrepresenting the environmental outcomes of the Scheme.
 - (b) **Traceability systems:** SPSA will require contracted recyclers to implement traceability measures to support transparency of material flows from collection through to end-market destinations, and in the longer term, will also require service providers to be accredited by a third-party traceability provider. These traceability systems, which ensure that reported outcomes are evidence-based and auditable, serve to deter Scheme Participants from misrepresenting the amount of material diverted from landfill.
 - (c) **Individual obligations of Scheme Participants:** Scheme Participants have obligations under the ACL in relation to their communications with consumers. Indeed, the ACCC has undertaken a significant amount of work in the last few years to educate businesses about making environmental claims to consumers, including in its guide for business published in December 2023.⁵ These obligations, together with the ACCC's ongoing active enforcement in this area, serve to deter misrepresentation by Scheme Participants.

⁵ ACCC, 'Making environmental claims: A guide for business' dated December 2023. Available at: <https://www.accc.gov.au/system/files/greenwashing-guidelines.pdf>.

Question 8

How does SPSA plan to develop communications under the Proposed Conduct, noting that there are limited geographical areas that the Scheme will operate in initially? Will there be any restrictions/protocols on communications by Scheme participants regarding the Scheme?

- 33 SPSA intends to communicate in a clear and targeted way to consumers who can feasibly participate in the Scheme, particularly in the early stages when collection options are localised. For example:
- (a) in the case of kerbside collections, SPSA will work with councils to communicate with eligible households (whether under an opt-in or opt-out model). By communicating with eligible households through local area marketing (rather than mass media marketing) for kerbside collections, households which are eligible to participate in kerbside collection schemes will be provided with relevant materials; and
 - (b) to promote transparency to consumers about 'drop off location' collections (including instore collections), SPSA will encourage the use of the ARL on packaging, including the 'Check locally' logo. The 'Check locally' logo helps consumers locate where they can recycle soft plastic packaging within their council area.⁶
- 34 SPSA will be responsible for the representations it makes to consumers, and will ensure that its communications accord with the Scheme's activities to ensure consumer transparency.
- 35 Consumer education will be an important aspect of the Scheme. Scheme Participants can play a key role in educating their consumers on how and where to recycle soft plastics, supporting consumer awareness of the Scheme and recycling behaviour. To support Scheme Participants, SPSA will provide guidance on matters such as Scheme information, use of the Scheme brand and other labelling to support appropriate, consistent and clear consumer education on the Scheme. As set out in response to question 7 above, there are several informal deterrents embedded in the Scheme's operations which help ensure clear and transparent communications to community by Scheme Participants, including SPSA's public reporting obligations, the Scheme's traceability systems, and the obligations of Scheme Participants imposed by the ACL.

Question 9

The application states SPSA 'will consider labelling to indicate support for the Scheme, including support for the use of the Australasian Recycling Label (ARL)...In particular, the Scheme will support the use of the 'check locally' logo for soft plastics packaging' and that levy funds will be used for consumer education.

- (a) Is the Scheme considering new labelling unique to the Scheme in addition to or instead of 'check locally'?
- (b) How will the Proposed Conduct inform consumers about recycling options for soft plastic packaging?

- 36 As set out in the Application and in response to question 8 above, SPSA supports, and will promote the use of, the ARL and 'Check locally' logo. The ARL provides consumers with easy-to-understand instructions on how to dispose of all parts of packaging, and the 'Check locally' logo directs consumers to the ARL website where they can find locations for recycling soft plastic

⁶ See, eg, Recycle Mate's interactive map which provides consumers with information about soft plastic collection points based on their address. Available at: <https://recyclemate.com.au/>.

packaging within their council area. SPSA considers that these packaging labels are beneficial in educating consumers and raising awareness for soft plastics recycling.

- 37 SPSA may consider the use of a Scheme brand for use on and/or off label in the future once the Scheme has a broader collection base, community access and Scheme participation. This could take a number of forms and SPSA will assess whether this would be helpful to increase Scheme participation as roll-out progresses. In developing the Scheme, SPSA has been engaging with The Packaging Forum in New Zealand and the New Zealand Food and Grocery Council and, as part of those broader conversations, has had some preliminary discussions about developing a trans-Tasman label with the Packaging Forum's Soft Plastic Recycling Scheme, which is an equivalent voluntary product stewardship scheme in New Zealand for soft plastics.⁷ This initiative will be considered in the future, in particular if it would be useful to drive additional participation in the Scheme and would result in packaging efficiencies for brands who sell products across Australia and New Zealand. If adopted, use of the additional label on packaging will be voluntary and take into account the complexity, time and costs to business of implementing label changes across packaging.
- 38 In response to question 9(b), the Proposed Conduct will inform consumers about recycling options for soft plastic packaging in several ways, including through the use of labelling and targeted consumer education and Scheme marketing activities. See further detail in responses to questions 5 and 8 above.

Question 10

The application states 'there is insufficient processing infrastructure for soft plastics in Australia and inadequate end markets for recycled soft plastics.' The application estimates an increased levy in FY28-29 based on 'further recycling capacity and end markets coming online, facilitating collection growth and increased recycling activity.'

- (a) What has changed in end markets since the collapse of REDcycle? If there have been changes, please indicate which of those changes you consider to be attributable or related to the collapse of REDcycle.
- (b) Will the Proposed Conduct result in faster or otherwise enhanced development of end markets? If so, how?
- (c) Under the Proposed Conduct:
- (i) who will own the soft plastic material (input) prior to processing?
 - (ii) who will own the recycled soft plastic material (output) after processing?
 - (iii) will Scheme participants be required to buy back or take back the recycled material?
- (d) What is the current AUD monetary value of 1 tonne of recycled soft plastics for each grade listed on page 13 of the application?

- 39 When REDcycle collapsed in November 2022, there was low demand for recovered business-to-consumer soft plastics in part due to an oversupply of recovered business-to-business soft plastic material in Australia due to changes in export regulations. Close the Loop has since rebuilt their recycling facility that was closed due to a fire in 2022, and which ultimately contributed to the failure of REDcycle, having no other large-scale processor with reliable end markets.

⁷ See: <https://www.recycling.kiwi.nz/>

- 40 Since REDcycle collapsed, as set out in SPSA's response to interested party submissions, there has been an increase in recycling capacity and investment in recycling technology and end markets due to a number of factors including government investment in infrastructure through the Recycling Modernisation Fund (*RMF*) Plastics Technology stream, the work of the Soft Plastics Taskforce and the NPRS, the potential for product stewardship and federal packaging policy and increased global demand for food grade recycled content. The combined work of industry and government has driven a large step change in investment confidence to construct soft plastic recycling infrastructure. For example, the NPRS and the Taskforce have worked with iQRenew since 2020 and 2023 respectively, increasing iQRenew's confidence to invest in large scale infrastructure to develop its Soft Plastic Engineered Commodity (SPEC) facility, which commenced operations in 2024. The facility has capacity to process over two times the peak REDcycle collection volumes and uses innovative optical sorting technology to identify, sort and process collected soft plastics based upon various characteristics, such as polymer type, shape and colour. This technology increases efficiency in the recycling process through speeding up waste processing, improving accuracy, reducing labour costs and optimising resource recovery.
- 41 Due to these developments, end market opportunities have improved since REDcycle collapsed and the potential for end market development under the SPSA Scheme is greater than it was under REDcycle. Further detail on other recent developments, such as the joint venture between Cleanaway and Viva Energy to deliver a 50,000-tonne chemical recycling facility in Australia and the recently announced partnership between APR Plastics and others to recycle soft plastic waste into snack food packaging, is set out at paragraph 46 of SPSA's response to interested party submissions. Importantly, the viability of this improved soft plastics recycling capacity and technology is dependent on the increased feedstock that can be provided through the Scheme.
- 42 The Proposed Conduct will result in faster development of end markets as:
- (a) The Proposed Conduct will allow SPSA to provide the requisite feedstock to enable investment in end markets and facilitate offtake arrangements. For example, Close the Loop are well known for their 'circular contract', whereby they agree to accept material and recycle it, provided a correlating commitment exists to procure the recycled material. SPSA expects to assist facilitating a range of offtake and end market agreements, both directly as an owner of collected material and indirectly as the organisation which will have visibility over the soft plastics supply chain. Some of the proposed offtake and end market agreements could feature arrangements similar to those of the 'circular contract'. Without the Proposed Conduct, there is an immediate risk to the viability of soft plastics processors and therefore to the development of end markets; and
 - (b) SPSA will also consider opportunities to use the Scheme funds to further invest in end markets, guided by the RFI/RFP process (among other things). These may include activities such as development of standards for recycled content applications, research and development for emerging recycled content applications, and/or advocacy for recycled content procurement targets in government and private sectors.
- 43 In response to question 10(c):
- (a) SPSA will formally assess the industry's preferred operating models, including industry preferences as to the ownership of materials prior to and after processing, through the RFI process. SPSA anticipates that, for the most part, it will own the soft plastic material prior to processing, as ownership at this point allows SPSA to effectively and efficiently route material through the supply chain to deliver scaled recycling outcomes and promote circularity.

- (b) SPSA will determine ownership of the material after processing based upon the results of the RFI. This will be on a case-by-case basis (or contract by contract assessment) due to variations in end market development across different channels. However as with material prior to processing, SPSA anticipates that, for the most part, it will be responsible for and own the soft plastic material after processing, as ownership at this point allows SPSA to effectively and efficiently route material through the supply chain to deliver scaled recycling outcomes and promote circularity, while having maximum transparency over material movements.
 - (c) There is no requirement for Scheme Participants to 'buy back' or 'take back' recycled material. At this stage, advanced recycling in Australia is not sufficiently developed to require this, in particular for Scheme Participants that require food-grade packaging. Nonetheless, projects currently under development, such as Cleanaway's joint venture with Viva Energy to deliver a 50,000 tonne chemical recycling facility in Australia, may increase the ability of Scheme Participants to start or increase buy back arrangements for recycled material in the future.
- 44 In response to question 10(d), there are several variables which inform the value of recycled materials of various grades, including product quality, volume, provenance and end market use. Like other commodities, the price of recycled materials is dynamic. Further information is set out in confidential Schedule 2.

Question 11

How does the Scheme plan to treat soft plastic waste that is collected, transported, and upon sorting is found to be:

- (a) Soft plastic that is out-of-scope as per Schedule 5 of application?
 - (b) Soft plastic packaging that is in-scope as per Schedule 5, but placed on market by a non-Scheme participant?
 - (c) Soft plastic packaging that is in-scope but not recyclable?
- 45 While the Scheme is limited to post-consumer soft plastic packaging, recyclers can nevertheless sort, decontaminate and process all soft plastic packing (including business-to-business packaging and soft plastic labels) collected through the Scheme. SPSA will ensure that clear communications are provided to consumers at collection points (ie, to eligible households for kerbside collections via council communications, and at in-store/drop-off collection points) so that consumers understand which materials are in-scope and out-of-scope, and are generally educated about soft plastics recycling. This will assist in minimising collection of out-of-scope materials.
- 46 In terms of how the Scheme will deal with in-scope and out-of-scope materials:
- (a) All soft plastic packaging that is in-scope will be recycled, irrespective of whether the material was placed on market by a Scheme Participant. This is common in existing voluntary product stewardship schemes for used packaging recycling, and aligns with the principles of a circular economy.
 - (b) Soft plastic packaging that is out-of-scope but is otherwise recyclable will be recycled. For example, rigid packaging would be sorted into lower grade products, while shrink wrap or pallet wrap would be recycled in higher grade applications. This is built into processor gate fees and SPSA's cost modelling.

- (c) Soft plastic packaging that is in-scope but not recyclable will be used in lower grade applications where possible, such as bitumen and lumber replacement products. It could also be used in waste to energy, or if no market exists, it may be sent to landfill.
- 47 SPSA anticipates that the quantity of out-of-scope and non-recyclable packaging will decrease over time, including because:
- (a) as the Scheme progresses, consumers will become more educated about the Scheme's operations and soft plastics recycling more generally;
- (b) industry is rapidly removing non-CEFLEX films from business-to-consumer packaging, which is likely to be further accelerated by the introduction of eco-modulated levies and potential mandatory requirements for packaging set by the federal government; and
- (c) processors are incentivised to maximise recycled content given the costs associated with sending material to landfill.

Question 12

The application states an estimated 540,000 tonnes of soft plastic packaging was placed on the market in 2022-23 and 34,000 tonnes was recovered, which we note likely includes business to business packaging. Figure 2 in Schedule 9: key assumptions of the application estimates collection volumes with and without the Scheme up to FY29.

- (a) Of the total packaging placed on the market, please state the estimated volume and proportion of soft plastic packaging covered by the in-scope packaging.
- (b) Please state the estimated volumes and proportion of total packaging placed on the market that SPSA expects will be diverted from landfill through the Proposed Conduct each year during the 8 year period of authorisation sought
- (c) Please provide the underlying data used to construct Figure 2.
- 48 Schedule 3 sets out further information regarding SPSA's collection and processing estimates.
- 49 Of the estimated 540,000 tonnes of soft plastic packaging that was placed on the market in 2022-23, it is estimated that approximately 70% represents business-to-consumer packaging.⁸ As set out in SPSA's estimates in Schedule 3, SPSA has assumed that all business-to-consumer soft plastic packaging placed on market comes within the scope of the Scheme.
- 50 Projections about the volumes and proportion of total packaging placed on market that are expected to be diverted from landfill are informed by several factors, including funding and participation, collections, processing capacity and end markets. These factors are variable, and it is difficult for SPSA to provide exact estimation. For the purpose of its modelling, SPSA has assumed that 100% of collected material is delivered to recyclers, and 100% of the material is consumed in the recycling process. However, as outlined in response to question 6 above, a minor level of contamination and processing loss may occur.
- 51 Learning from the experience of REDcycle, SPSA is taking a conservative approach to modelling proposed collections, balancing collections with end market demand, recycling capacity and funding constraints. Base case estimates are based on the current state of the market and

⁸ Based on APCO's data, approximately 315,000-386,000 tonnes in 2022-23. APCO, Australian Packaging Consumption & Recovery Data 2022-23 (December 2024), p 119 (p 123 of PDF). Available at: <https://documents.packagingcovenant.org.au/public-documents/APCO%20Australian%20Packaging%20Consumption%20and%20Recovery%20Data%202022-23>. These amounts have been estimated using the total tonnes for Bag or pouch, Closure, Label or seal and Shopping bag in Table F-25. However, SPSA notes that this data set has some limitations.

regulation. As end market demand, recycling capacity and scheme funding increase, collections will increase commensurately over time. The RFI process will also give SPSA further insight into end market demand and recycling capacity, and SPSA will continue to refine its estimates and assumptions underpinning future Scheme activities. SPSA expects significant upside to collections in the event of an 'unconstrained' environment featuring favourable policy settings (eg, mandatory recycled content requirements, mandatory participation in the Scheme, increased government support for processing and the development of end markets), increased Scheme participation and other factors that, when combined, provide increased investment confidence for large scale infrastructure development and operations.

- 52 Under the base case, SPSA estimates that by FY29 (the fourth operating year) approximately 11,000-14,000 tonnes, or 3% of soft plastic packaging placed on market, will be collected through the Scheme. This material would otherwise be sent to landfill. By 2033, collections under the base case are expected to be approximately 19,000-23,000 tonnes per annum, equating to approximately 4-5% of soft plastic packaging placed on market.
- 53 In an 'unconstrained' environment, SPSA expects volumes collected and recycled can exceed 30,000 tonnes per annum by FY29, equating to approximately 7-8% of soft plastic packaging placed on market. This increases to nearly 20%, being 80,000-90,000 tonnes, by FY33, as outlined in Schedule 3.
- 54 In response to question 12(c), Figure 2 in Schedule 9 of the Application utilises the data contained in Figure 1 of Schedule 9, combined with the inclusion of an estimate of current business-to-consumer soft plastic recycling, which is less than 1%, comprising small scale activities such as the Curby program and ad hoc, direct recycler-to-council engagements.

Question 13

For each year during the 8 year period of authorisation sought, please detail the proportion of Scheme revenue (expressed in dollar terms and as a total percentage of Scheme revenue) intended to be used to fund:

- (a) promoting consumer participation in the Scheme/consumer education about the Scheme including how to recycle soft plastics. Please provide a breakdown by program/initiative, to the extent known.
- (b) instore collection
- (c) kerbside collection
- (d) sorting
- (e) transport of soft plastics to processing facilities from areas where this is uneconomic absent the Proposed Conduct
- (f) sponsoring new entry in processing
- (g) on shore processing
- (h) offshore processing
- (i) research and development including any relevant breakdown such as that to develop end markets for recycled soft plastics
- (j) other administrative and incidental Scheme costs
- (k) other uses of Scheme revenue that do not fit the descriptions at (a) to (j) above. Please provide a brief description of these uses.

- 55 Schedule 4 sets out further information regarding the anticipated costs to be paid from Scheme revenue.
- 56 The Scheme is designed to scale based on several factors, including funding and participation, collections, processing capacity and end markets. As the Scheme evolves, the proportion of revenue intended to be used to fund certain activities will change. SPSA is therefore unable to provide information about the proportion of Scheme revenue in line with the requested level of specificity, but has provided a more detailed breakdown of anticipated Scheme costs in Schedule 4 and offers the following insights (which build on the information contained in Figure 4 of Schedule 9 to the Application).
- 57 At the outset of the Scheme, the vast majority of overheads are expected to be direct in nature (ie, directly tied to service delivery), for example Scheme establishment, contracting and operational implementation. As the Scheme matures and invests more in optimisation and more deeply in behaviour change programs, the split of overheads (and the percentage of revenue allocated) is expected to be more skewed to indirect overhead expenses (ie, Scheme expansion, increased consumer behaviour efforts) but a lower level of direct operating overheads. To that end, Figure 4 of Schedule 9 estimates an equal split between direct and indirect investment for overheads for the period of FY25 to FY29.
- 58 In relation to onshore and offshore processing, all of the material collected through the Scheme is expected to be processed onshore, noting that unprocessed material cannot be exported under the waste export bans (unless an exemption is provided). Once converted into a recycled commodity, such as pellet, recycled material could be directed to a range of end markets. This

may include advanced chemical recycling, either onshore or offshore (if there is insufficient infrastructure onshore), with SPSA intending to preference onshore activities where possible.

- 59 In relation to research and development, SPSA's involvement will largely take the form of strategic, indirect support. For example, providing materials to recyclers so they can engage in product research, development and testing, and participating in industry working groups involving the research sector, such as the Solving Plastic Waste CRC. The NPRS and Taskforce trials and pilots have already facilitated research and development into methods for collecting, sorting and processing soft plastics (eg, optimal bag design for bag-in-bin recycling), and consumer surveys on engagement and participation with pilot collection programs. SPSA may contribute funds towards more direct forms of support, noting that these activities are often co-designed and/or co-delivered with partners.

Question 14

In practice, how will the Proposed Conduct increase efficiency in (each of) the collection, transport, storage, sorting and/or processing of soft plastics (compared to the future without)? For example:

- (a) Will there be better contractual outcomes and if so, how and in what ways?
- (b) Will there be increased collection points and/or transport of greater volume from locations that are distant from processing facilities?
- (c) Will the aggregation of volumes allow service providers to achieve lower per unit operating costs? If so, how?
- (d) Will there be reduced transaction costs for parties involved? If so, how and how significant are these savings?

- 60 The Proposed Conduct will facilitate collective action which will lead to greater efficiencies. In particular:

(a) **Better contractual outcomes:**

- (i) Economies of scale: larger, aggregated volumes will allow service providers to achieve lower per unit operating costs which can be passed on to SPSA. This applies across collection, transport, sorting and processing.
- (ii) Longer term: Authorisation of the Proposed Conduct for an initial period of eight years would allow longer term contracts with service providers, including across collection, transport, sorting and processing services, which is also likely to facilitate better cost outcomes. In particular, authorisation of the Proposed Conduct for eight years would allow SPSA to enter into processing contracts with a sufficiently long term such that processors could amortise research and development and infrastructure establishment costs over a longer period and therefore lower the cost at which these services can be provided. SPSA understands that, to the extent Scheme Participants were to unilaterally engage with service providers (noting that, as above, this is unlikely), it would be highly unlikely that they could agree to contracts for this length of time.

- (b) **Better outcomes for processors:** Larger, aggregated volumes will allow SPSA to provide greater feedstock certainty to processors as well as to provide feedstock to support multiple processors. Larger volumes will also allow processors to operate further above their breakeven points while simultaneously providing lower per tonne pricing through economies of scale.

- (c) **Reduced transaction costs:** With SPSA being centrally responsible for operations, transaction costs for parties involved will be significantly reduced as parties will not be required to individually contract with and manage service providers across collection, transport, sorting and processing services.
- (d) **Increased collection points:** The Proposed Conduct will allow for increased instore collection points to be rolled out as operational costs will be shared by Scheme Participants, rather than a small number of players. This includes kerbside collections, which significantly increases access, reach and convenience of soft plastics recycling for communities while providing an income opportunity for material recovery facilities (**MRFs**) and processors downstream.
- (e) **Improved data and performance monitoring:** The Proposed Conduct will enable standardised metrics and better tracking of recycling across industry. The Proposed Conduct would position SPSA to insist on traceability capability and, in time, third party verification, which will improve data transparency and accuracy, promoting trust in the system across Scheme Participants, government and community.
- (f) **Improved consumer education:** The Proposed Conduct will enable consistent communication with consumers about how to recycle soft plastics, which is likely to lead to better recycling outcomes than fragmented messaging.

61 As set out in response to questions 3 and 4 above, without authorisation of the Proposed Conduct, business-to-consumer soft plastic recycling will stall and is likely to decrease or potentially cease entirely.

Question 15

SPSA has applied for authorisation for 8 years, and claims 'this period is required for SPSA to enter into processing and recycling contracts with a sufficient term to provide investment confidence to industry and allow for amortisation of infrastructure costs over a longer period, therefore reducing the cost implications for the community' and 'this will also allow for longer arrangements for collections and logistics'. For the supply of collection, transport, storage, sorting and processing services for soft plastics:

- (a) What processing and/or recycling arrangements would not occur with a shorter, say 3 year, authorisation period?
- (b) How will longer contract terms reduce the cost implications for the community?
- (c) Schedule 9 provides a range of forecasts and estimates relating to collections and processing capacity. Can you please provide further future forecasts of capacity and collections beyond FY29 to FY34. Can you also please describe what additional investment in capacity/infrastructure would be required to deliver forecast capacity during this period.

62 The request for authorisation for an initial eight-year term seeks to balance the benefits of longer-term contracting (in particular, providing certainty to processors and collectors) with the ACCC's practice of granting authorisation for a limited period of time to allow the ACCC to be satisfied that the likely public benefits will outweigh the public detriment for the period of the authorisation. SPSA considers that the eight-year time frame is necessary as the development of new soft plastics recycling infrastructure requires 'significant investments that would only be likely if the

proposed conduct is authorised for a longer period', as identified as a relevant consideration in the ACCC's guidelines.⁹

- 63 In response to question 15(a), if the ACCC were to grant a shorter authorisation period, such as three years, SPSA would still be able to enter into contracts for collection, transport, storage, sorting and **currently operational** processing services, and deliver environmental public benefits. However, SPSA would be required to enter into shorter term contractual arrangements, which provide less investment certainty for existing processors and potential new entrants, and less certainty for collectors. A short authorisation period could impact investment in new processing infrastructure as acknowledged in Cleanaway's submission to the ACCC dated 17 April 2025, in which Cleanaway acknowledges that "*the construction of at-scale facilities combined with the time to obtain regulatory approvals means that it takes a minimum of 4 years for a project to proceed from concept to commissioning*".¹⁰ Anecdotal feedback from other potential processing service providers is that they will require 2-3 years for the research and development, procurement, regulatory approvals, construction and commissioning phase. Therefore, a three-year authorisation would not allow a new processor to actually operate for more than one year, if at all. In this scenario, they would be unlikely to develop a satisfactory business case and/or obtain finance. In standard waste and recycling contracts, the contract allows 1-2 years between award of the tender, contract finalisation and the commencement of services to enable service providers to commence and complete the procurement, regulatory approvals, construction and commissioning phase. This pre-operational period is not available to SPSA within a three-year authorisation, further reducing the ability for new processors to develop a viable business model to commercialise and operate. This lack of investment confidence may constrain new recycling capacity, therefore reducing the Scheme's ability to increase collection services for community. This is illustrated in the example set out at Schedule 5.
- 64 In addition, the eight-year term would allow for a longer period of consumer education, which is more effective at driving lasting consumer behaviour change because it allows for sustained engagement, reinforcement of key messages and gradual habit formation. Repeated exposure over time helps embed knowledge, correct misconceptions and build deeper understanding about how and why to recycle properly. This consistency normalises proper recycling practices as part of everyday behaviour. In contrast, shorter programs, while still important, can lack the duration needed to influence long-term habits.
- 65 In response to question 15(b), longer term contracts are likely to lead to cost efficiencies for SPSA due to the longer amortisation period, as detailed in Schedule 5. These lower costs would feed into SPSA's overall operational costs, which inform the amount of the Levy Contributions each year. Scheme Participants are able to pass on their Levy Contributions if they choose, so lower Levy Contributions could, in theory, be reflected in lower cost implications to the community. However, any cost savings could be invested in Scheme development activities, including end market development and community education initiatives to further improve Scheme outcomes. The key reason underpinning the request for an eight-year term is that this drives greater investment confidence, a greater number of facilities commercialising (derisking single processor dependencies and increasing competition and innovation), significantly greater

⁹ ACCC, Guidelines for Authorisation of Conduct (non-merger) (August 2024), para 9.15: <https://www.accc.gov.au/system/files/guidelines-authorisation-conduct-non-merger-aug24.pdf>.

¹⁰ Cleanaway Waste Management, Submission dated 17 April 2025, p 1. Available at: <https://www.accc.gov.au/system/files/public-registers/documents/Submission%20by%20Cleanaway%20Waste%20Management%20-%202017.04.25%20-%20PR%20-%20AA1000695%20Soft%20Plastics.pdf?ref=0&download=y>.

recycling rates, increased collections, greater end market development and ultimately a lower cost per tonne recycled.

66 In response to question 15(c), it is difficult for SPSA to forecast capacity and collections beyond FY29 as these forecasts are informed by several variables (including the impact of the authorisation term), most notably Scheme participation and funding. In any event, SPSA has provided updated estimates at Schedule 3 and can offer the following insights:

- (a) As mentioned in response to question 12 above, collections under the base case are expected to be approximately 19,000-23,000 tonnes per annum by 2033, equating to approximately 4-5% of soft plastic packaging placed on market. The base case assumes an eight-year term and does not account for future reform which could increase participation in the Scheme as well as accelerate Scheme funding, processing capacity and end market development.
- (b) Schedule 3 also provides estimates for the proposed eight-year term based on an 'unconstrained' scenario, which sees collections and recycling of up to 80,000-90,000 tonnes per annum (almost 20% of the soft plastic packaging placed on market). Specifically, this scenario incorporates the construction and operation of an at-scale advanced chemical recycling plant (see further detail below), facilitated by favourable policy settings that increase Scheme participation, kerbside collection standards and well-designed recycled content targets.
- (c) As outlined in SPSA's response to interested party submissions, there are several projects currently in development which are expected to significantly increase recycling infrastructure and capacity over the eight-year time horizon. One such project is Cleanaway's joint venture with Viva Energy Australia to deliver a 50,000 tonne chemical recycling facility in Australia.¹¹ This project, which is expected to be commissioned in 2029/2030, could effectively double SPSA's current modelling of projected Scheme collections as set out in Schedule 3 to over 30,000 tonnes per annum by FY29 and as much as 80,000-90,000 tonnes per annum by 2033. This facility, combined with the policy settings mentioned above, could allow SPSA to more rapidly scale collections, noting the conditions Cleanaway and Viva have expressly cited in their public announcements. This project, or another competing project, could unlock significant soft plastic recycling infrastructure onshore and deliver circular packaging outcomes.

Question 16

With regard to the 3 options of government reform of packaging regulation outlined in Schedule 8, how will efficiency in (each of) the collection, transport, storage, sorting and/or processing of soft plastics be impacted under each option?

67 As set out in its Application, the Scheme could operate within each of the three options being considered by government, and SPSA will continue to engage with the Department of Climate Change, Energy, the Environment and Water (**DCCEEW**) on this to ensure the Scheme is compatible with national reform. In addition to ensuring the viability of a number of soft plastics recyclers, implementation of the Scheme now will assist in engaging industry and community to prepare for future reform. In this way, SPSA is positioned to support future reform and the Scheme is an important step towards a more comprehensive framework.

¹¹ Cleanaway, Viva Energy and Cleanaway team up to address hard-to-recycle plastic waste (15 April 2024): <https://www.cleanaway.com.au/sustainable-future/viva-energy-cleanaway-trial/>.

- 68 Under each of the reform options, efficiencies arising from the Scheme could either be maintained or increase:
- (a) **Option 1 (Strengthening administration of the co-regulatory arrangement):** This option is the base case where the current co-regulatory arrangement remains unchanged and APCO may implement its 2030 Strategic Plan. Accordingly, efficiencies are likely to remain the same under this option. However, it should be noted that the *Recycling and Waste Reduction Act 2020 (Cth)* (**RAWR Act**) does provide a pathway for mandatory product stewardship, under which rules may be made that require specified persons to take (or not to take) specified action in relation to products. If soft plastics were ultimately regulated under the mandatory product stewardship provisions of the RAWR Act, this could encourage Scheme participation, which would allow SPSA to commensurately expand collection and recycling services and lead to greater economies of scale, better outcomes for processors, further reductions in transaction costs, improved data and improved consumer education.
 - (b) **Option 2 (National mandatory requirements for packaging circularity):** Under this option, the government would introduce and administer mandatory packaging requirements on individual regulated entities, including bans on problematic materials and chemicals of concern, progressive bans of packaging to mandate minimum recyclability performance and minimum recycled content thresholds. SPSA considers that it could operate in parallel to assist industry in meeting requirements and targets. Efficiencies would likely increase under this option as SPSA anticipates that the mandatory requirements would encourage Scheme participation, which would allow SPSA to commensurately expand collection and recycling services and lead to greater economies of scale, better outcomes for processors, further reductions in transaction costs, improved data and improved consumer education.
 - (c) **Option 3 (A national extended producer responsibility scheme for packaging):** This option would introduce a national EPR regulated packaging scheme with mandated requirements on regulated entities. SPSA could support regulated entities to meet EPR scheme obligations. Efficiencies would likely increase under this option as SPSA anticipates that the requirements on regulated entities would encourage Scheme participation, which would allow SPSA to commensurately expand collection and recycling services and lead to greater economies of scale, better outcomes for processors, further reductions in transaction costs, improved data and improved consumer education.

Question 17

Please explain:

- (a) How frequently SPSA intends to re-contract for the supply of collection, transport, storage, sorting and processing services. Please specify for each type of contract.
- (b) Whether the Scheme restricts members/participants dealings with parties (such as suppliers or customers) who are not members/participants of the Scheme?
- (c) Will retailer or brand members/ Scheme participants require their suppliers to become a participant in the Scheme as a condition of being a supplier?
- (d) How likely is it that the contracts offered to processors (either in term, conditions or volume) will result in exclusive arrangements between SPSA and the processors it contracts with?
- (e) Are there any restrictions on members/Scheme participants entering other soft plastic stewardship schemes?
- (f) Will the Scheme still be viable if any of its current members were to withdraw from the Scheme?

- 69 In response to question 17(a), the length of contracts for each service (and therefore the frequency of re-contracting) will vary and will be informed by the term of authorisation, the RFI process and engagement with the Taskforce if authorisation is granted. In general, SPSA plans to follow global best practice where:
- (a) shorter terms are contracted for developed low risk services such as transport and storage;
 - (b) sortation contracts with MRF operators would align with the remaining term of existing council contracts in order to provide certainty for the relevant council, MRF operator and community; and
 - (c) for processing contracts, as above, longer terms will be required to allow for research and development, procurement, regulatory approvals, construction and commissioning and a sufficient period to amortise the asset over its useful life.
- 70 In response to question 17(b), there will be no restrictions on SPSA members or Scheme Participants in dealing with other parties who are not SPSA members or Scheme Participants.
- 71 In response to question 17(c), while this is a matter for the retailers, it is not part of the Scheme design as participation in the Scheme is intended to be voluntary.
- 72 In response to question 17(d), SPSA does not intend to enter into exclusive arrangements with processors. SPSA intends to contract with a diversified network of processing partners to allow SPSA to maximise the proportion of feedstock which can be recycled and ensure that the Scheme remains resilient against disruptions. This approach is also intended to promote innovation and, in the long run, competition amongst processors, thereby contributing to the development of recycling infrastructure in Australia. Further, even without exclusive terms, it is unlikely that the volumes provided by the Scheme would fill the capacity of processors and recyclers will seek to complement feedstock arising from the Scheme with other collections, such as business-to-business soft plastics, to maximise their overall yield.
- 73 In response to question 17(e), there are no restrictions on Scheme Participants entering other soft plastic stewardship schemes.

- 74 In response to question 17(f), voluntary product stewardship schemes manage operational outcomes in proportion to participant funding; in other words, activities can be scaled up or down depending on the level of participation and therefore funding. The impact of any Scheme Participant withdrawing from the Scheme would depend on several operational factors (eg, the volume of material placed on market by that participant as a proportion of the total volume of material placed on market by all other participants, and the level of Scheme funding from time to time), as well as non-operational factors (eg, the maturity of the Scheme's operations and whether the withdrawal of the brand or retailer impacts other industry players to follow suit). Importantly, SPSA has had feedback from some brand owners that they are willing to join the Scheme should it be authorised by the ACCC. Equally, as above, loss of brand owner support is likely in the event of no approval or a material delay to the Scheme, and SPSA would not proceed with the proposed Scheme in its current form.

Question 18

Please specify the nature of the data and/or information to be shared and the purpose for which it will be shared:

- (a) Between members/Scheme participants.
- (b) Between SPSA and members of the soft plastics taskforce relating to transfer of the management of the instore collection pilot program.
- (c) Between SPSA and APCO.
- (d) Between SPSA and the stakeholder advisory council.
- (e) Between SPSA and the AFGC and/or members of the NPRS, relating to the transfer of the NPRS pilot program.

- 75 The nature of the data and/or information to be shared and the purpose for which it will be shared between various parties is set out in the table below.

No.	Entities	Information to be shared
1.	SPSA members / Scheme Participants	SPSA will implement measures to ensure commercially sensitive information is not shared between SPSA members / Scheme Participants.
2.	SPSA and members of the Soft Plastics Taskforce	<p>The Taskforce may provide the following information to SPSA to facilitate the transfer of certain arrangements for the instore collection pilot program to SPSA and to facilitate the ongoing operation of instore collections as part of the Scheme:</p> <ul style="list-style-type: none"> • Service terms and/or contracts with service providers; • Operational costs for collection, transport, storage and processing; • Key data and metrics in relation to instore collections, processing and recycling (eg, participation rates, volumes collected, volumes recycled); • Forecasts including store operational rollout plans and collection forecasts; and

No.	Entities	Information to be shared
		<ul style="list-style-type: none"> Key learnings from the instore collection pilot program. <p>Both SPSA and members of the Soft Plastics Taskforce would share information about processing capacity to inform the roll out of instore collections as part of the Scheme and ensure collections, processing capacity and end markets are sufficiently balanced.</p>
3.	SPSA and APCO	<p>Subject to SPSA and APCO finalising an agreement in relation to APCO's role under Horizon 1, at a high level:</p> <ul style="list-style-type: none"> APCO would provide SPSA with aggregated packaging placed on market data regarding volumes for Scheme Participants (including APCO members and possibly non-APCO members); SPSA would provide APCO with the information required for APCO to provide invoicing services, such as confirmation of Scheme Participants; SPSA would provide APCO with the information required for APCO to provide audit and assurance services for APCO members. SPSA and APCO would agree the scope and audit methodology. APCO would provide SPSA with the results of any audit/assurance activities; Sharing of market analysis, modelling and research, including by key advisors engaged to date, to minimise duplication of cost and ensure alignment on targets and deliverables required by industry; and APCO may provide a report to SPSA on APCO members that place soft plastic packaging on the market but which are not Scheme Participants. APCO and SPSA may jointly develop communications to these APCO members to encourage them to participate in the Scheme.
4.	SPSA and the SAC	<p>The SAC is intended to provide guidance, stakeholder insights and recommendations to SPSA on matters relevant to the operation of the Scheme. As part of its function, the SAC may provide information to SPSA regarding collection methods, recycling, policy and strategy, market development, stakeholder engagement, public communications and education.</p> <p>SPSA may provide the SAC with information including forecast Scheme collection and/or processing volumes, or community survey results to gain guidance from the SAC on way to further develop the Scheme.</p> <p>SPSA will implement measures to ensure commercially sensitive information is not shared at SAC meetings.</p>

No.	Entities	Information to be shared
5.	SPSA and the AFGC and/or members of the NPRS	<p>The AFGC will provide the following information and learnings from the NPRS trials and pilots to SPSA:</p> <ul style="list-style-type: none"> • General kerbside 'know-how' and learnings (eg, average weight of collections, bag breakages, bag design details, supplier contacts); • Consumer engagement data (eg, percentage of uptake, factors influencing participation/non-participation, communications, behavioural research); • Volumes collected and recycled, by period (weekly/by shipment); • Audit data (eg, detailed data which has informed the NPRS reports published to date (such as control sampling, specific audit info by MRF)); and • General market information (eg, processing capacity, timing of projects expected to come online). <p>However, further to SPSA's letter dated 3 June 2025, SPSA is no longer seeking authorisation for agreements or information sharing with the AFGC due to changed circumstances since the Application was lodged. SPSA does not consider the information above to be particularly sensitive.</p>

Question 19

The initial board of SPSA includes a mix of brand owners and retailers and the application indicates that SPSA is working to appoint independent directors in the near future as well as directors from industry associations and/or small-to-medium enterprises. Please provide any further information as to SPSA's progress in recruiting independent directors.

- 76 SPSA is currently considering a shortlist of directors and anticipates appointment of an independent chair imminently. In accordance with SPSA's Constitution, additional directors, including a further independent director, are expected to be appointed during the course of 2025, with several nominations already being received from a range of stakeholders.

Question 20

Some interested parties have raised concerns that the board composition may favour brand owners and retailers, who may prioritise their own interests at the expense of other industry participants. How does SPSA intend to manage these concerns?

- 77 While the Initial Members of SPSA, including those that are currently represented on the Board, are a smaller group of brands and retailers that have taken the initiative to establish SPSA and contributed financially to its establishment, it is intended that the Board will be expanded in the near future. SPSA's Constitution requires that its Board be made up of a combination of proprietary brand owners, retail brand owners, industry association proprietary brand owners,

industry association retail brand owners, and up to two independent directors. Importantly, these directors are required to act in the best interests of SPSA, consistent with their duties imposed by the *Corporations Act 2001* (Cth).

- 78 The Board will also have regard to advice from the SAC, which will provide a forum for full supply chain participation.
- 79 SPSA is confident that as it progresses establishment activities, such as appointing independent directors and commencing the SAC, this will give further confidence to industry.
- 80 As set out in the response to interested party submissions, the SPSA Board structure aligns with global best practice where producers are held responsible, financially and reputationally, for the outcomes of the Scheme and therefore hold a majority of the board roles in line with this responsibility.

Question 21 For each year over the 8 year period of authorisation sought, what forecast levies, if any, will Coles and Woolworths each contribute after deducting the proposed set off (\$16m over 8 years).

- 81 Coles and Woolworths will be levied the same rate per tonne as all other Scheme Participants over the proposed eight-year period. Coles and Woolworths will then invoice the Scheme for the proposed contribution in each year, and this will effectively be set off against payable levy contributions.
- 82 SPSA is unable to provide the exact dollar amounts that Coles and Woolworths will be levied in each year, as individual packaging placed on market data, which determines the relevant levy amounts, is commercially sensitive. While SPSA will report on the aggregate volume of packaging placed on market by all Scheme Participants, this information will not be known to SPSA on a per participant basis. As such, SPSA cannot forecast exact levies per participant.¹²
- 83 At this stage, SPSA has used aggregated and/or otherwise anonymised packaging volume data to inform Scheme decisions such as Scheme participation and supporter recruitment.
- 84 Whilst the final terms of the proposed contribution to the foundation feedstock costs are under discussion between the parties, the proposed contribution for each year of the eight-year authorisation period is as follows:

Financial year	Proposed contribution
FY26	\$1,000,000
FY27	\$1,000,000
FY28	\$1,000,000
FY29	\$2,000,000
FY30	\$2,000,000
FY31	\$3,000,000

¹² As outlined in the Scheme Agreement and in response to question 1 above, information relating to the volume of packaging placed on market per Scheme Participant will be collected through a collection agent and kept confidential. SPSA will implement a protocol in relation to the collection and processing of Participant Confidential Information as defined in the Scheme Agreement (including packaging placed on market) and minimise receipt of Participant Confidential Information by SPSA. The Scheme Agreement also imposes restrictions on the use and disclosure of Participant Confidential Information by the collection agent and SPSA.

Financial year	Proposed contribution
FY32	\$3,000,000
FY33	\$3,000,000
Total	\$16,000,000

- 85 The phasing of the repayment schedule is designed to minimise impacts on Scheme costs and member recruitment in the establishment phase (ie, years 1-3). As membership is forecast to grow in subsequent years, the repayments are planned to increase proportionately. The contribution amount to effectively be paid to Coles and Woolworths in each year of the Scheme will be published by SPSA once agreed between the parties.
- 86 Important conditions will apply to the proposed stockpile cost sharing arrangement, including but not limited to a requirement that Coles and Woolworths remain a Scheme Participant for the duration of the eight years, in order to be eligible for the contribution.

20 June 2025

Schedule 1: Scope of the Proposed Conduct

No.	Proposed Conduct (amended)	Further description of conduct	Part IV provision	Relevant entities
1.	SPSA setting and collecting, and the Scheme Participants agreeing to pay, the Scheme Levy and Minimum Levy which may be passed on by a Scheme Participant as part of their price and may be eco-modulated in the future	<p>The Scheme involves:</p> <ul style="list-style-type: none"> SPSA setting, collecting and administering levies in connection with the Scheme, including the Scheme Levy, Minimum Levy (together, the Levy Contributions) and Minimum Levy Threshold (see clauses 2.1 and 2.3 of the Scheme Agreement); and suppliers of retail products agreeing to pay a levy to fund the Scheme, being either the Scheme Levy, which is based on the amount of soft plastic packaging a Scheme Participant places on market, or the Minimum Levy (see clause 4.2(a)(ii) of the Scheme Agreement). <p>The Levy Contributions may be passed on by a Scheme Participant, however this is voluntary.</p> <p>The Proposed Conduct includes the potential for eco-modulation of the Scheme Levy in the future (ie, agreements in relation to discounts that may be applied where Scheme Participants meet design standards/targets for packaging (eg, recyclability and/or recycled content targets)).</p>	<p>Cartel conduct (Division 1, Part IV of the Act)</p> <p>Contracts, arrangements or understandings that impact competition (s 45 of the Act)</p> <p>Concerted practices (s 45 of the Act)</p>	<p>SPSA to set the Levy Contributions and Minimum Levy Threshold</p> <p>All Scheme Participants to pay the Scheme Levy or Minimum Levy, including both the Initial Members and any Future Members in the Scheme, as defined in the Application (being a class of persons within the meaning of section 88(2) of the Act)</p>

No.	Proposed Conduct (amended)	Further description of conduct	Part IV provision	Relevant entities
2.	SPSA developing, setting and imposing membership terms and conditions and Scheme Participants agreeing to these terms and conditions	<p>Upon joining the Scheme, Scheme Participants will agree to the Scheme Agreement, which includes the following terms and conditions:</p> <ul style="list-style-type: none"> • Agreeing to abide by any Scheme Advertising and Branding Guidelines (clauses 4.1(a) and 9 of the Scheme Agreement). These guidelines have not yet been developed, but will provide guidance on matters such as use of the Scheme logo and branding, marketing activities and campaigns regarding the Scheme and media statements; • Agreeing not to engage in activities or conduct contrary or prejudicial to the interests of the Scheme or SPSA (clause 4.1(b) of the Scheme Agreement); • Agreeing to provide a Packaging Report each year (clause 4.2(a)(i) of the Scheme Agreement); • Agreeing to pay its Levy Contributions when due and payable (clause 4.2(a)(jj) of the Scheme Agreement); • Acknowledging that SPSA will pay \$16 million to Coles and Woolworths as a contribution to the REDcycle Stockpile 	<p>Cartel conduct (Division 1, Part IV of the Act)</p> <p>Contracts, arrangements or understandings that impact competition (s 45 of the Act)</p> <p>Concerted practices (s 45 of the Act)</p>	<p>SPSA</p> <p>All Scheme Participants including both the Initial Members and any Future Members in the Scheme, as defined in the Application (being a class of persons within the meaning of section 88(2) of the Act)</p>

No.	Proposed Conduct (amended)	Further description of conduct	Part IV provision	Relevant entities
		<p>Costs (clause 5 of the Scheme Agreement); and</p> <ul style="list-style-type: none"> Agreeing to the terms on which SPSA may suspend or terminate a Scheme Participant (clause 11.2 of the Scheme Agreement). 		
3.	<p>Agreements between SPSA and each of Coles, Woolworths and ALDI (being members of the Taskforce) (as required) to allow SPSA to take over and expand on the instore collection program being run by the members of the Taskforce including transferring arrangements with service providers to SPSA</p>	<p>Authorisation is sought for agreements between SPSA and the Taskforce:</p> <ul style="list-style-type: none"> to transfer contracts or arrangements that the Taskforce has in place with service providers to SPSA (as required) for SPSA to take over certain arrangements for the instore collection program being run by the Taskforce; and in relation to members of the Taskforce operating soft plastics collection points (ie, instore drop-off points). 	<p>Cartel conduct (Division 1, Part IV of the Act)</p> <p>Contracts, arrangements or understandings that impact competition (s 45 of the Act)</p> <p>Concerted practices (s 45 of the Act)</p>	<p>SPSA and Coles, Woolworths and ALDI (as members of the Taskforce)</p>
4.	<p>The sharing of operational information and data between SPSA and Coles, Woolworths and ALDI (being the</p>	<p>This may include sharing of the following operational information from the Taskforce to SPSA:</p>	<p>Contracts, arrangements or understandings that impact competition (s 45 of the Act)</p> <p>Concerted practices (s 45 of the Act)</p>	<p>SPSA and Coles, Woolworths and ALDI (as members of the Taskforce)</p>

No.	Proposed Conduct (amended)	Further description of conduct	Part IV provision	Relevant entities
	members of the Taskforce) (as required) to facilitate SPSA's operations, including to transfer the arrangements for the Taskforce instore collection program run by Coles, Woolworths and ALDI to SPSA	<ul style="list-style-type: none"> • Service terms and/or contracts with service providers; • Operational costs for activities that SPSA will take over from the Taskforce (eg, costs for collection, transport, sorting, storage and processing); • Key data and metrics in relation to instore collections, processing and recycling (eg, participation rates, volumes collected, volumes recycled); • Forecasts including store operational rollout plans and collection forecasts; and • Key learnings from the instore collection pilot program. <p>This may include sharing of the following operational information between SPSA and the Taskforce to inform the roll out of instore collections as part of the Scheme and ensure collections, processing capacity and end markets are sufficiently balanced:</p> <ul style="list-style-type: none"> • Information about processing capacity and end market development, such as commercialisation status, regulatory 		

No.	Proposed Conduct (amended)	Further description of conduct	Part IV provision	Relevant entities
		approvals, commodities produced, and end market contracts.		
5.	SPSA arranging for and acquiring services to implement and operate the Scheme, including by entering into and giving effect to contracts with service providers for the collection, transport, sortation, storage, processing and recycling of used soft plastics and third-party services for invoicing, collecting and managing and auditing packaging data	<p>SPSA is seeking authorisation for acquisition of the following services in relation to soft plastics to operate the Scheme:</p> <ul style="list-style-type: none"> • Collection (including contracts with supermarkets, councils and other drop-off locations such as CDS sites); • Transport; • Storage (as required for material consolidation and processing); • Sortation; • Processing and recycling; and • Collecting and managing packaging data, invoicing and auditing. This is often done under third-party arrangements, often referred to as 'black box' arrangements, to ensure that confidential information is not exchanged between Scheme Participants. 	<p>Cartel conduct (Division 1, Part IV of the Act)</p> <p>Contracts, arrangements or understandings that impact competition (s 45 of the Act)</p> <p>Concerted practices (s 45 of the Act)</p> <p>Exclusive dealing (s 47 of the Act)</p>	<p>SPSA</p> <p>Service providers to the Scheme as required, including members of the Taskforce (to the extent there are any agreements with the Taskforce as service providers to the Scheme) and APCO (to the extent APCO is appointed as a service provider to the Scheme)</p>

No.	Proposed Conduct (amended)	Further description of conduct	Part IV provision	Relevant entities
6.	SPSA and Scheme Participants discussing and agreeing communications to consumers and the public in relation to the Scheme, including marketing and educational activities	Clear and consistent communications by SPSA and Scheme Participants are important to increase community awareness regarding the benefits of soft plastics recycling and how to recycle soft plastics, which will in turn increase levels of soft plastics recycling.	Contracts, arrangements or understandings that impact competition (s 45 of the Act) Concerted practices (s 45 of the Act)	SPSA and all Scheme Participants including both the Initial Members and any Future Members in the Scheme, as defined in the Application (being a class of persons within the meaning of section 88(2) of the Act)
7.	SPSA and APCO sharing market analysis, modelling, research and packaging placed on market data and agreeing communications to APCO members for the purpose of the Scheme	Sharing of market analysis, modelling and research, including by key advisors engaged to date, to minimise duplication of cost and alignment on targets and deliverables required by industry. Sharing of aggregated data regarding soft plastic packaging placed on market to facilitate the Scheme, including setting of the Levy Contributions, development of Scheme targets, reporting and development of eco-modulated levies in the future. Agreeing communications to APCO members for the purpose of the Scheme.	Cartel conduct (Division 1, Part IV of the Act) Contracts, arrangements or understandings that impact competition (s 45 of the Act) Concerted practices (s 45 of the Act)	SPSA and APCO

Schedule 2 (Confidential): [REDACTED]

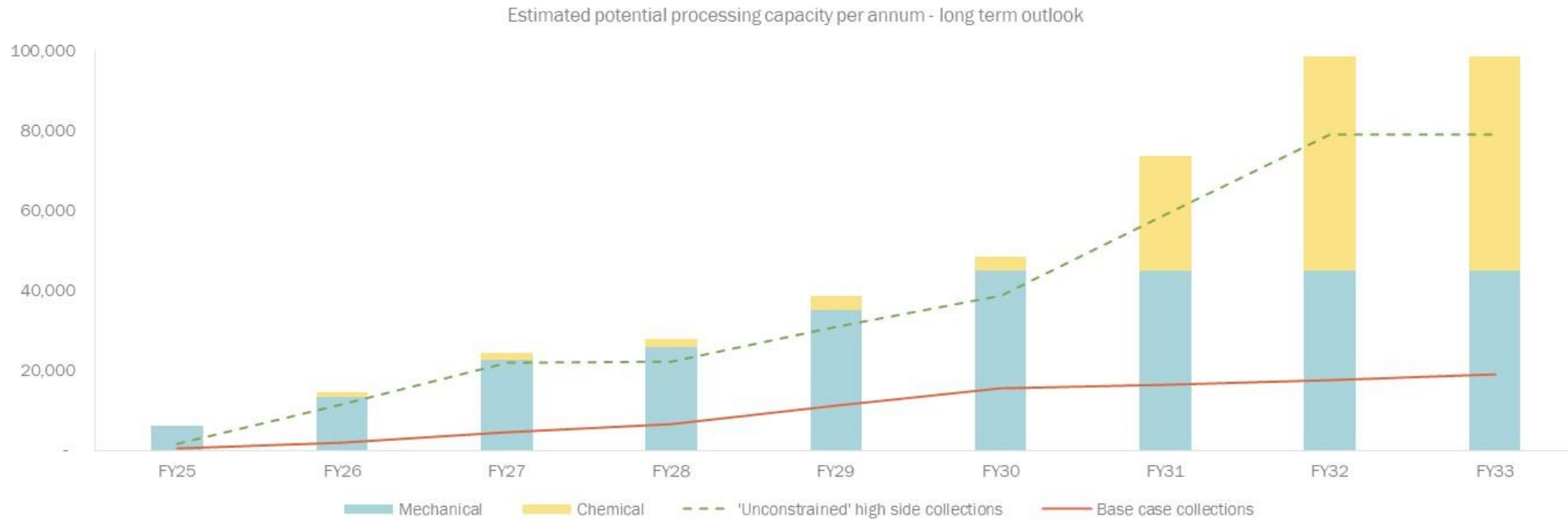
Schedule 3: Collections and processing estimates (FY25 to FY33)

Figure 1: Overview of estimated soft plastic packaging placed on market and potential collections

Category	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Estimated B2C Soft Plastics PoM (t)	370,000 - 400,000	380,000 - 410,000	395,000 - 430,000	405,000 - 440,000	420,000 - 460,000	430,000 - 470,000	445,000 - 485,000	455,000 - 500,000	470,000 - 515,000
Estimated in-scope material (t)	370,000 - 400,000	380,000 - 410,000	395,000 - 430,000	405,000 - 440,000	420,000 - 460,000	430,000 - 470,000	445,000 - 485,000	455,000 - 500,000	470,000 - 515,000
Estimated in-scope material (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%
Approximate drop-off locations	--	c.500	c.500 - 1,000	c.1,000	>1,000	>1,000	>1,000	>1,000	>1,000
Approximate households with kerbside services	c.50,000	c.120,000	c.250,000	c.500,000	>1,000,000	>1,000,000	>1,000,000	>1,000,000	>1,000,000
Estimated population with access to recycling		>3,000,000	>5,000,000	>7,000,000	>10,000,000	>11,000,000	>12,000,000	>13,000,000	>14,000,000
Collection & recycling (t) - base case	<500	1,500 - 2,000	4,000 - 6,000	6,500 - 9,000	11,000 - 14,000	15,500 - 18,500	16,500 - 19,500	18,000 - 22,000	19,000 - 23,000
Collection & recycling (%) - base case	<1%	<1%	1-2%	2%	3%	4%	4%	4-5%	4-5%
Collection & recycling (t) - 'unconstrained'	<2,000	12,000 - 15,000	22,000 - 25,000	22,000 - 25,000	30,000 - 35,000	40,000 - 45,000	60,000 - 70,000	80,000 - 90,000	80,000 - 90,000
Collection & recycling (%) - 'unconstrained'	1%	3-4%	6%	6%	7-8%	9-10%	13-16%	17-20%	17-20%

Notes: (1) Estimated B2C PoM includes soft plastic packaging only; (2) Collection channels and accessibility remains in line with Figure 1 of Schedule 9 of the SPSA's Application, with outer years now also incorporated.

Figure 2: Overview of potential processing capacity/throughput and 'unconstrained' high side estimates



Notes: (1) SPSA assumes that business-to-consumer soft plastic packaging placed on market will grow at c.3% per annum; (2) 'Unconstrained' collections assume sufficient scheme funding, collections, processing capacity and end markets exist in balance, as well as favourable policy settings and chemical recycling projects being operational in the outer years (eg, the proposed Cleanaway / Viva project or similar).

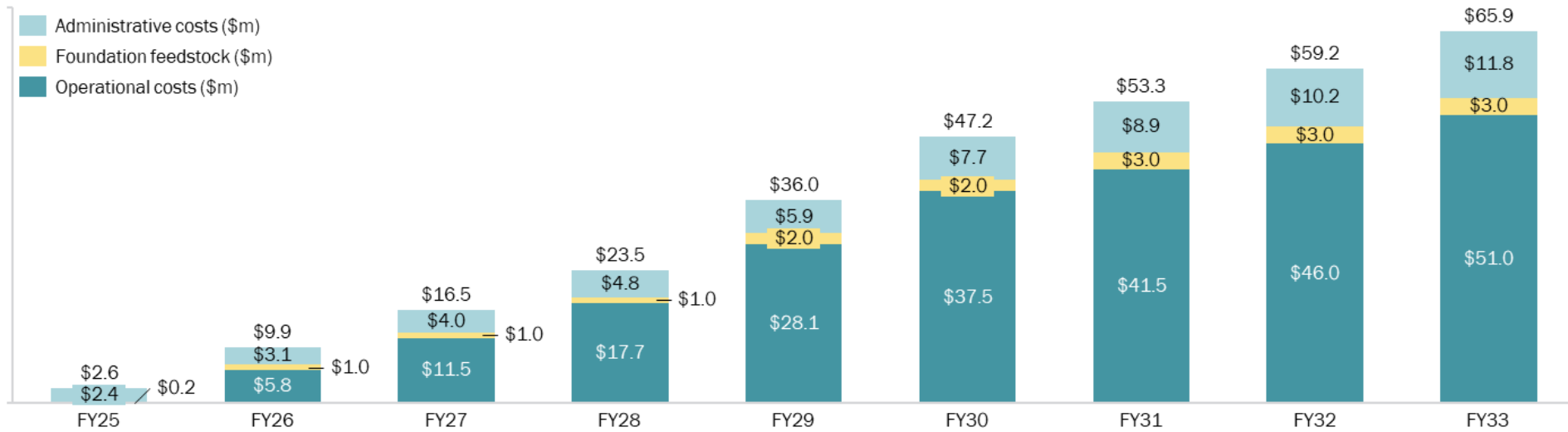
Schedule 4: Anticipated costs to be paid from Scheme revenue (FY25-33)

Figure 3: Overview of anticipated Scheme costs (base case)

Financial summary	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Pre-scheme establishment costs	\$ 2,447,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operational costs - drop-off locations	\$ -	\$ 1,709,935	\$ 5,152,742	\$ 7,770,454	\$ 10,861,891	\$ 11,450,117	\$ 11,793,620	\$ 12,147,429	\$ 12,511,852
Operational costs - kerbside & other channels	\$ 198,000	\$ 1,027,666	\$ 2,378,515	\$ 5,080,052	\$ 11,338,429	\$ 18,365,513	\$ 20,808,126	\$ 23,575,607	\$ 26,711,163
Operational costs - brand, marketing, education, behaviour change	\$ -	\$ 1,200,000	\$ 2,472,000	\$ 3,819,240	\$ 5,900,726	\$ 9,116,621	\$ 10,329,132	\$ 11,702,907	\$ 13,259,393
Operational costs - direct & indirect overheads	\$ -	\$ 5,003,317	\$ 5,545,650	\$ 5,789,793	\$ 5,965,224	\$ 6,230,542	\$ 7,396,842	\$ 8,770,593	\$ 10,387,499
Foundation feedstock	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 2,000,000	\$ 2,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Total expenses	\$ 2,645,242	\$ 9,940,919	\$ 16,548,908	\$ 23,459,539	\$ 36,066,270	\$ 47,162,793	\$ 53,327,720	\$ 59,196,536	\$ 65,869,907

Notes: (1) Instore collections will form part of the overall 'drop-off locations' channel. Detailed instore costs cannot be provided by the Soft Plastics Taskforce to SPSA prior to authorisation as they are considered commercially sensitive, however will form part of improved modelling upon any grant of authorisation; (2) Transport, sorting, processing and other operational elements are included based on stakeholder consultation to date, but are expected to be better understood from the RFI process and will see unit cost efficiencies as the Scheme matures; (3) Leveraging learnings from successful container deposit schemes, education and behaviour change activities are often co-designed and/or co-delivered in partnership with NGOs, councils and corporate partners, making them difficult to accurately estimate prior to scheme launch; (4) Outeryear estimates (eg 2030+) are inherently uncertain noting the emerging nature of the soft plastics recycling markets, unknown policy levers and other long range factors. It is conceivable that over that time horizon, recycled soft plastic products are very valuable and the unit economics of the scheme can materially improve, allowing the acceleration of activities; (5) Anticipated costs are based on base case assumptions, increasing materially under an 'unconstrained' scenario.

Figure 4: Overview of expected annual Scheme costs (base case)



Schedule 5: Impact of term on gate fees (capital cost component)

The example in Figure 5 below estimates the impact the contract term has on the processors gate fee¹ that would be charged to the Scheme.

Assumptions:

- Tonnes per annum: 5,000
- Total Investment: \$15m (R&D \$1m + commissioning and approvals \$1m + capital \$13m)
- Time for R&D, procurement, regulatory approvals, construction and commissioning: 2 years²

Figure 5: Impact of term on gate fees (capital cost component)



Standard waste and recycling contract: Tonnes collected and processed = 40,000t over amortisation term; 50,000t including potential extension

R&D, procurement, regulatory approvals, construction and commissioning	Operations and 100% amortisation of the asset										Potential contract extension period (generally at discounted rates as assets are fully amortised)	
Gate fee:		\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$0	\$0
Tonnes:		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000

SPSA 8 years: Tonnes collected and processed = 30,000t

Non-operational	R&D, procurement, regulatory approvals, construction and commissioning	Operations and 100% amortisation of the asset								Potential contract extension not available	
Gate fee:				\$500	\$500	\$500	\$500	\$500	\$500		
Tonnes:				5,000	5,000	5,000	5,000	5,000	5,000		

SPSA 3 years: Tonnes collected and processed = 5,000t

Non-operational	R&D, procurement, regulatory approvals, construction and commissioning	Operations and 100% amortisation of the asset	Potential contract extension not available									
Gate fee:			\$3000									
Tonnes:			5,000									

A longer investment term drives:

- Greater investment confidence;
- Greater number of facilities commercialising, derisking single processor dependencies and increasing competition and innovation;
- Significantly higher recycling rates;
- Increased collections;
- Lower cost per tonne recycled; and
- Greater end market development.

Note: (1) The gate fee above only relates to capital costs and is displayed on a per tonne basis; (2) Feedback from potential processing service providers is that this phase can take 2-4 years.