

Interim Authorisation Decision AA1000673 – Condition 2, Progress Report 22 October 2024 from Participant Supermarkets

We refer to Condition 2 of the Interim Authorisation granted by the ACCC on 18 July 2024 (*Interim Authorisation*) and provide the following report in relation to progress made by the Soft Plastics Taskforce (the *Taskforce*) towards implementing the Instore Collection Recommendation Steps (*Recommendation Steps*) since 22 July 2024 (the *Reporting Period*).

The Taskforce comprises representatives of Coles Group Limited (*Coles*), Woolworths Group Limited (*Woolworths*), ALDI Stores (A Limited Partnership) (*Aldi*) (collectively, the *Participants*) with support from the Department of Climate Change, Energy, the Environment and Water.

This report is submitted jointly by the Participants.

1 Progress on Recommendation Steps

During the Reporting Period, and as detailed in the minutes provided to the ACCC, the Taskforce met on one occasion on 26 September 2024 and has otherwise continued to discuss and implement the Recommendation Steps agreed or arising out of previous Taskforce meetings. Details of the progress made by the Taskforce during the Relevant Period are set out below, but at a high level, this has focussed on:

- working closely with existing and emerging soft plastic processing companies to accelerate the commencement of their processing operations;
- processing of stockpiled materials;
- engaging with and finalising contract terms with potential offtake partners;
- working to find markets to consume the products manufactured including within supermarkets and across broader industry; and
- progressing the pilot program for the recommencement of soft plastics instore collection and processing in 12 stores in Victoria, expanding the pilot program to 31 stores in NSW (located around Newcastle through to the Mid North Coast), and analysing materials collected from the pilot.

1.1 Processor engagement and development of contracts with third parties

During the Reporting Period, the Taskforce continued to engage with a range of soft plastics processing companies with a view to these companies servicing soft plastics collected from an in-store soft plastics program and / or from the Participants' stockpile remediation efforts. The Participants have also continued to engage with various outlets to increase the uptake of recycled products.

Since the Participants' previous progress report, they have:

- In Victoria, [REDACTED], although Close the Loop has temporarily paused their operations due to [REDACTED];
- in NSW:
 - [REDACTED]

- [REDACTED];
- [REDACTED]; and
- [REDACTED]; and
- in South Australia, provided [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

Work has also continued to secure export approvals to enable soft plastic material to be exported from Australia. The Participants expect that this approval will soon be in place, which will enable some material to be moved offshore for processing into 'food grade' recycled soft plastic.

1.2 Implementation of a stockpile remediation action plan

The Participants have continued to progress their stockpile remediation efforts since their last update to the ACCC, although the Participants' estimated completion date for the NSW stockpiles has been extended to the end of 2025 / early 2026 due to [REDACTED]
[REDACTED].

The Participants' current best estimates of the timelines in relation to the stockpile remediation efforts are set out in the table below as at 18 October 2024.

As previously identified, while the Participants are working to have the stockpiled materials processed as quickly as possible, expected completion dates may continue to change or be extended in the event that third party processors come online later than expected or encounter supply chain difficulties.

Table 1: overview of stockpiles and processing capacity by state

Processor	Status	Estimated processing capacity
Victoria		
<i>Status: The starting volumes of stockpiled material in Victoria were [REDACTED] tonnes, which included [REDACTED] tonnes from Tasmania. Current stockpiles are approx. 2,360 tonnes as at October 2024 and the estimated completion date for processing is July 2025. Approx. [REDACTED] of [REDACTED] tonnes have been processed as at October 2024, predominately by CDRC as Close the Loop is currently not in operation.</i>		
Centre for Regenerative Design and Collaboration (CRDC)	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] CDRC commenced processing stockpiles in April 2024. [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	2,500 tonnes per annum, though this capacity is not exclusively available to the Participants and has come online over time as CRDC's equipment has been tested and commissioned. In addition, [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Processor	Status	Estimated processing capacity
<p>Close the Loop</p>	<p>[REDACTED]</p> <p>Close The Loop initially re-opened their facility in late January 2024 and commenced processing stockpiles soon after.</p> <p>Processing paused in early 2024,</p> <p>[REDACTED]</p>	<p>Currently not in operation but expected to be 2,500 tonnes per annum once processing recommences</p>
<p>New South Wales</p> <p><i>Status: The starting volumes of stockpiled materials in New South Wales were approx. [REDACTED] tonnes. Current stockpiles are approx. 3,120 tonnes as at October 2024. The expected completion date has been further deferred until the end of 2025 / early 2026 due to a [REDACTED]</i></p> <p><i>Approx. [REDACTED] of [REDACTED] tonnes have been processed by Saveboard and IQ Renew and others as at October 2024.</i></p>		
<p>IQ Renew</p>	<p>[REDACTED]</p> <p>IQ Renew opened their facility in November 2023 and have been processing materials since March 2024 as part of their new site commissioning.</p>	<p>Eventually 15,000 – 30,000 tonnes per annum once regulatory approvals are received for the capacity expansion at their manufacturing facility.</p> <p>[REDACTED]</p>
<p>Saveboard</p>	<p>[REDACTED]</p> <p>Saveboard opened in February 2023 and commenced processing stockpiles in late 2023.</p>	<p>Approximately 500 tonnes per annum of post-consumer soft plastics</p>
<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>Not yet operational. The Participants estimate that, once online, 1,500 tonnes per annum of processing capacity will be available for post-consumer soft plastics</p>

Processor	Status	Estimated processing capacity
<p>South Australia</p>		
<p>Status: Current stockpiles are approx. 3,953 tonnes as at October 2024. As there are no processing facilities yet online in South Australia, processing has not yet commenced. Once processing commences, it is expected to be completed by approx. mid July 2025 although this could be accelerated if sufficient South Australian processing comes online in the short term so that the volumes can be processed in situ rather than in Victoria.</p>		
<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>Not yet operational. The Participants estimate that, once online, 2,500 tonnes per annum of processing capacity will be available for post-consumer soft plastics</p>
<p>Recycling Plastics Australia</p>	<p>[REDACTED]</p> <p>Trial work was completed throughout 2023. RPA has recently received a government grant to fund the purchase of processing materials.</p> <p>RPA [REDACTED] anticipates commencing processing in June or July 2025.</p>	<p>Not yet operational. We estimate that, once online, 5,000 tonnes per annum of processing capacity will be available for post-consumer soft plastics</p>
<p>Sustainable Infrastructure Systems</p>	<p>[REDACTED]</p> <p>Facility launched in early 2024. [REDACTED]</p>	<p>Not yet operational. We estimate that, once online, 1,000 tonnes per annum of processing capacity will be available for post-consumer soft plastics</p>
<p>Western Australia</p>		
<p>Status: Current stockpiles are approx. 66 pallets as at October 2024. As there are no processing facilities yet online in Western Australia, processing has not yet commenced. Once processing commences, processing is expected to be completed in 2025. The Participants have plans for the volumes to be processed in Victoria.</p>		

1.3 Recommencement of an instore collection pilot program

The Participants have continued to monitor progress of the instore pilot program in 12 stores in Victoria (5 Coles stores,¹ 5 Woolworths Stores,² and 2 Aldi stores³). During the Reporting Period, the Participants also launched the pilot program in 31 stores in NSW located around Newcastle through to the Mid North Coast (26 Woolworths stores⁴ and 5 Aldi stores⁵) on 12 August 2024.

Customer engagement in the instore pilot program is increasing, with approximately 1.25 tonnes of soft plastics being returned through the Victorian pilot per week. As at 4 October 2024, approx. 36 tonnes of soft plastics have been collected at participating stores across Victoria and NSW. The materials collected in Victoria is being processed by CRDC primarily, particularly given Close the Loop's temporary halt in operations. The materials collected in NSW are being processed by IQ Renew.

Sorting trials amounting to [REDACTED] have been conducted to date on soft plastics collected at Coles, Woolworths and Aldi stores. These trials have identified that soft plastics collected through the instore pilot have been returned from a broad range of brands and potential sources. This includes soft plastics from suppliers of electronic goods, packaged goods and furniture, as well as retail brands. Notably:

- [REDACTED] of the materials collected consisted of clear plastics, with indications that these clear plastics included items from furniture, white goods and mail order packaging;
- the remaining [REDACTED] of items were classified across 37 categories of products; and
- branded retailers packaging comprised only [REDACTED] of the materials reviewed.

¹ The full list of participating Coles stores can be found on Coles' website, available here: https://www.colesgroup.com.au/FormBuilder/_Resource/_module/ir5sKeTxxEONDzdh00hWJw/file/080224%20Soft%20Plastics%20Recycling%20Trial.pdf

² The full list of participating Woolworths stores can be found on Woolworths' website, available here: [here:https://www.woolworths.com.au/shop/discover/sustainability/recycling/soft-plastic](https://www.woolworths.com.au/shop/discover/sustainability/recycling/soft-plastic).

³ Prahran and St Kilda.

⁴ The full list of participating Woolworths stores can be found on Woolworths' website, available here: [here:https://www.woolworths.com.au/shop/discover/sustainability/recycling/soft-plastic](https://www.woolworths.com.au/shop/discover/sustainability/recycling/soft-plastic).

⁵ Mount Hutton, Charlestown, Port Macquarie, Forster and Taree.