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To whom it may concern

**Soft Plastic Stewardship Australia Limited (SPSA)**  
**Application for interim urgent authorisation AA1000695**

We acknowledge the intent of the Soft Plastics Stewardship Alliance (SPSA) to contribute to improved recovery outcomes for soft plastic packaging. However, adjustments to the scheme's design and operation will be necessary to ensure that its authorisation reinforces the coherence, effectiveness, and ambition of Australia's national packaging stewardship framework, and genuinely supports investment confidence in recycling infrastructure.

**Interim authorisation**

Granting urgent interim authorisation for SPSA will support the continuity of existing pilot programs and ongoing investment in advanced recycling processes. This support is critical to maintaining momentum in the transition from the initiatives led by the Soft Plastics Taskforce and the Australian Food and Grocery Council's National Plastics Recycling Scheme.

**Regulatory and strategic alignment**

The Australian Government is progressing national packaging reform, including the proposed introduction of design standards and ecomodulated levies. These measures aim to strengthen extended producer responsibility (EPR) and ensure that producers contribute fairly to the cost of managing packaging throughout its lifecycle.

Australia's current packaging stewardship framework is delivered through a co-regulated arrangement with the Australian Packaging Covenant Organisation (APCO) and is underpinned by the National Environment Protection Measure (NEPM). APCO is concurrently undergoing a strategic review to align with these national reforms, with an aim to transition to a more robust EPR model that includes ecomodulated fees reflecting the cost of collection, processing, and market development for different packaging materials, including soft plastics.

As this national framework evolves, it is critical that any new stewardship scheme—such as SPSA—clearly aligns with APCO and the broader direction of government reform. This alignment will help maintain national consistency, avoid duplicative compliance pathways, and ensure a level regulatory playing field.

The establishment of SPSA currently risks creating the perception of competing schemes. Multiple schemes operating within the same material stream pose significant risks, including enforcement challenges, regulatory loopholes, inconsistent investment signals, and the potential for regulatory arbitrage and weaker environmental outcomes. Such risks were highlighted in a recent review conducted to inform New

Zealand's Plastic Packaging Product Stewardship Scheme, which recommended a single-system model to support effective implementation.

As APCO's model evolves, it is essential to ensure clearer coordination between APCO and SPSA to maintain national consistency, avoid duplicative compliance pathways, and uphold industry-wide accountability. At a minimum, SPSA should formalise its alignment with APCO—potentially through a public memorandum of understanding—and demonstrate their consistency and compatibility with national targets and regulatory intent. This clarity is necessary to ensure that the authorisation of the Scheme does not undermine the development of a coherent and integrated stewardship framework.

Ultimately, the establishment of a scaled and viable soft plastic recycling system will require regulatory reform and mandated EPR across the packaging sector. SPSA, as a voluntary scheme, should be viewed as an initial step towards this more comprehensive and enforceable framework.

### **Targets and metrics**

SPSA's design should incorporate clearer performance targets and outcome-based metrics that enable the ability to assess whether the scheme is delivering genuine environmental benefits and how it will evolve in response to any operational gaps. These metrics, which must be made publicly available, must include:

- Material *arising* vs. material *collected* as a proportion of placed-on-market volumes.
- *Recycling rates*, net of residuals.
- Downstream *end market outcomes* including reporting of *tonnes of recycled content re-entering the market*.
- Clear *governance* indicators (e.g. stakeholder diversity, data verification, independent audits).

### **Governance**

SPSA's governance model is essentially limited to brand owners, who are also the obligated parties funding the scheme. This structure creates a fundamental conflict of interest: decision-makers are incentivised to minimise costs, potentially at the expense of system performance or environmental integrity. The flat-rate levy (noted in the section below) already reflects these pressures.

While SPSA has signalled its intent to include independent directors, no concrete mechanisms are in place to ensure a genuinely independent or balanced board. True balance and credibility require governance structures that include the broader supply chain, including recyclers and processors, alongside independent experts and civil society. Without this, the scheme risks functioning as a reputational shield for brands rather than a mechanism for system transformation.

### **Levy structure and design standards**

A lack of conformity to design standards limits the recyclability of soft plastics into high-value products. This, alongside other market factors, leads to a negative value for post-consumer soft plastics, as landfilling costs can exceed \$300 per tonne in some jurisdictions.

At the same time, market demand for recycled soft plastic products remains limited, while substantial investment is required to develop viable collection, processing, and end-market systems.

Against this backdrop, SPSA proposes an initial flat levy of \$160 per tonne, with fees to be subsequently set by the board of brand owners.

It is a priority to ensure that a scheme levy incentivises recyclable formats through an ecomodulated approach, reflecting material recyclability and environmental impact, sending appropriate market signals and supporting innovation investment.

Cost modelling must also be provided to demonstrate how scheme fees or levies will genuinely support scaled collection, processing, infrastructure development, or end-market growth.

Low-levy and flat-rate schemes risk undercutting more strategic efforts and disincentivising packaging design improvements. The likely outcome is cost containment over circularity—contrary to the principles of effective stewardship.

### **Feedstock security**

The long-term viability of soft plastic recycling infrastructure depends on guaranteed, consistent volumes of feedstock and access to end markets. Processing facilities are designed for specific throughput levels and cannot operate sustainably without a reliable supply.

It is unclear how SPSA will provide mechanisms to ensure a secure, high-volume input to recycling facilities. Without such guarantees, operators may be unwilling to invest—or continue operating.

A diversified but coordinated network of processors is essential for resilience, but this must be supported by contract-based certainty in supply. This is an important factor in the success and scalability of Australia's soft plastic recycling infrastructure.

### **Market development**

The previous soft plastic stewardship scheme, 'RedCycle' failed principally not due to lack of collection, but due to insufficient demand for recycled outputs. SPSA's proposal should provide greater clarity on how it will stimulate or secure markets for recovered soft plastics, including through necessary measures such as procurement mandates or recycled content targets. This will help to avoid the risk of repeating past scheme failures, such as stockpiling, reputational damage, and investor withdrawal.

### **Conclusion**

ACCC-authorized stewardship structures must prioritise delivering genuinely positive environmental outcomes, including investment in effective recycling solutions and continuous improvement, to ensure meaningful public benefit.

While interim authorisation of SPSA can support the continuity of existing pilot programs and ongoing investment in advanced recycling processes, the ACCC should ensure a clear trajectory is set to meet the following conditions:

- Formal alignment with APCO and the national regulatory transition underway.
- Transparent and accountable governance that represents the entire supply chain, including recyclers.
- A levy structure that genuinely reflects the full costs of the recycling value chain.
- Measurable, transparent targets and performance metrics.
- Secure supply arrangements for processors.
- Clear mechanisms for end-market development and demand stimulation.

Ultimately, the broader success and sustainability of any soft plastic stewardship initiative will depend on comprehensive regulatory reform and the introduction of a mandated EPR framework. This interim scheme may be a starting point, but it must be integrated into a more ambitious and enforceable national system.

Yours sincerely

  
Suzanne Toumbourou  
**Chief Executive Officer**