



cawra

Telephone 08 8405 6600  
cawra.sa.gov.au

25 Mill Court,  
Kilburn SA 5084

PO Box 110,  
Port Adelaide SA 5015

4 April 2025

Tess Macrae  
Director  
Competition Exemptions  
Australian Competition and Consumer Commission

For online lodgment: [www.accc.gov.au](http://www.accc.gov.au)

Authorisation number: AA1000695-1

Dear Tess

**Soft Plastic Stewardship Australia application for urgent interim authorisation – interested party submission**

Thank you for your invitation to provide an interested party submission in relation to Soft Plastic Stewardship Australia's (SPSA) application to the ACCC for an urgent interim authorisation.

This submission provides some context to CAWRA's involvement with this issue to date and our reasons for supporting the ACCC granting the urgent interim authorisation, as requested by SPSA.

CAWRA's involvement in soft plastic recycling

The Central Adelaide Waste and Recycling Authority (CAWRA) is a local government regional subsidiary that is jointly owned by two of Adelaide's largest metropolitan Councils – the Cities of Charles Sturt and Port Adelaide Enfield. CAWRA owns a Materials Recovery Facility that is centrally located and currently processes kerbside recyclable material (yellow lid bin contents) from 10 Councils covering approximately one third of households across metropolitan Adelaide.

CAWRA has collaborated with 3 of our Councils to participate in the early trial and current pilot stages of kerbside 'bag in bin' collection trials, working closely with and funded by the Australian Food and Grocery Council (AFGC). Some funding support for the phase 1 trials was also received from the South Australian Government through Green Industries SA.

3 of CAWRA's metropolitan Councils have participated in kerbside soft plastics collection trials through CAWRA's MRF – being the Cities of Adelaide, Charles Sturt and Port Adelaide Enfield. All 3 have continued with the phase 2 pilots, which were launched for registrations in early February 2025.

At present, CAWRA has approximately 5,000 metropolitan households 'opting in' to actively participate in the kerbside soft plastic collection pilot program. We have capped participation for the phase 2 pilot at 6,000 households across the 3 Councils.

More information on CAWRA's participation in the scheme is available on our public website:

[www.cawra.sa.gov.au/softplastics](http://www.cawra.sa.gov.au/softplastics)

### Community support for soft plastic recycling

Community support for soft plastic recycling has remained high in South Australia following the collapse of the former RedCycle scheme. The 3 Councils that participated in the phase 1 'bag in bin' collection trials have all received very supportive community feedback since the first trials were publicly launched in December 2022.

Community participation in, and support for, this program remains high. CAWRA and our 3 participating Councils re-launched the program in February 2025, with a cap on participation at 6,000 households across the 3 participating Councils. This new pilot phase has been designed to test the suitability of new 100% recycled orange bags for the kerbside collection of soft plastics. It will also improve our understanding of the yields (per household per year) of recyclable soft plastics using an opt-in model.

Promotion of the new pilot has been very modest, given our expectation that community response may be strongly positive and the cap on participating households may be achieved quickly. As predicted, the community response was very rapid and positive. One of our Councils reached their cap of participants within 24 hours of the new pilot being promoted online. The other two Councils are on track to reach their caps shortly.

'Starter packs' of 20 orange bags (with instructions) have been sent to registered households. Our MRF is now receiving and baling recyclable soft plastics that have been bagged and placed in kerbside bins by participants.

Of note, community response to the pilot has remained strongly positive even in that Council area whose registrations closed early once their cap was reached. Even those who are seeking to participate in the pilot but have missed out are taking the opportunity to commend Council for their involvement with this program and for providing their community with an avenue for soft plastic recycling. These residents commonly express their disappointment that the previous RedCycle scheme has ceased to operate, and their strong wish for a new accessible recycling option for this material to be established on a sustainable basis to replace it.

With this history of support in mind, we expect that our Councils and communities will continue to participate in and support the scheme being proposed by SPSA.

### Positive results to date

The phase 1 trials have provided encouraging early results, and we continue to work collaboratively with the soft plastics industry to build on these benefits. To date our trials have demonstrated:

- strong and ongoing positive regard for the scheme by participants and the broader community, so long as it remains industry-funded
- high quality of recyclable soft plastics provided by households
- stronger participation by households that 'opt in' to participate, when compared with households that are sent starter packs without request
- some handling and cross-contamination issues within the MRF, that will require a minor MRF upgrade should the program continue to expand

Further work is required to refine these early findings and guide the longer term development of this industry-funded service. It is critical that this work continue to ensure the scheme remains sustainable and does not fall into the traps that ultimately led to the cessation of the former RedCycle scheme.

### Support for industry participants as the sector rebuilds

The long term sustainability of the soft plastics recycling industry is critical to the future scheme's success.

RedCycle ceased not due to a lack of community support, but because the soft plastics industry was no longer in a position to receive and process the recyclable soft plastics that it was generating. While that situation has improved markedly since that time, it remains critically important that any scheme that seeks to replace RedCycle must address these underlying issues to remain sustainable.

There are two key elements to this:

- processing technology and capacity
- securing sustainable markets for recycled products

The first of these has been addressed to a very significant extent, with a number of active processors now nearing the end of the former RedCycle stockpile. More processing capacity coming online with the next few years and the challenge is shifting from dealing with legacy stockpiles, to ensuring multiple processors are all being sufficiently supplied with material to remain viable.

Markets for recycled products continue to grow and this remains an area to monitor closely. CAWRA continues to cap household participation so we don't place undue pressure on the processing sector while this work continues.

In summary, soft plastics recycling faces the ultimate 'chicken and egg' conundrum. Carefully balancing the need to supply material with the need to sustainably grow end markets will be central to the new scheme's success.

It is pleasing to see the SPSA application recognising and acknowledging these challenges and proposing a scheme that supports the private sector to sustainably grow.

#### Industry funded scheme

The provision of industry funding for the scheme is central to its ongoing community support. Local Government is strongly of the view that these services must be funded in full by the suppliers and sellers of soft plastic packaging.

This 'beneficiary pays' model is strongly supported.

#### Urgent need for an interim authorisation

The 6,000 households participating in the current pilot program through CAWRA will run out of bags in 10 months' time. There are other Councils outside of South Australia that are only 2 months away from the conclusion of their current pilots. Continuing to support these households requires a scheme that is sufficiently funded by soft plastics suppliers and sellers to support those Councils and their communities beyond their current pilot arrangements.

Urgent interim authorisation, to allow the collection of levies by the interim Scheme, is therefore supported to ensure the communities currently participating in the service receive uninterrupted funding and support.

#### Longer term preference for a mandated scheme

The current trials and pilots have been funded on a 'year by year' basis by the AFGC, with some grant funding also provided by the Australian and South Australian Governments. This short-term funding model is acceptable for small-scale pilots but is not sufficient to support broader scheme expansion.

As a regional subsidiary representing the interests of large metropolitan Councils, CAWRA is mindful of the importance of managing community expectations for this sought-after service, until long term funding certainty is in place. Further expansion requires the establishment of longer-term contracts between CAWRA and the new scheme to ensure all costs associated with its operation continue to be met by their members.

The SPSA proposal seeks an 8 year authorisation from the ACCC, which is supported as a significant improvement on the current framework. While beneficial as a next step, CAWRA remains of the view that a mandatory product stewardship scheme for soft plastics should be established.

A mandatory (legislated) soft plastics recycling scheme would provide the best long-term funding certainty for the Scheme and (by extension) the participating Councils. It also provides the best long-term option to support the sustainable design, management and recycling of soft plastics into the future.

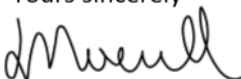
In the short to medium term, until a mandatory scheme is established, the proposal by SPSA is our best option to secure industry funding and sustainably grow the soft plastics recycling industry.

#### Proposed refund payment to retailers

The ACCC application proposes that the retailers that have funded the processing of the RedCycle stockpile receive a portion of that funding as a refund from the proposed new scheme in future years. While we appreciate this is an attempt to provide equity across all of those involved, it reduces funding available to the expanding soft plastics recycling sector over time.

CAWRA will explore these and other issues further prior to making our more detailed submission to the ACCC by 22 April.

Yours sincerely



**Leah Maxwell**  
CEO