

ACCC Submission: Concerns Regarding the Proposed Stewardship Submission Request

To: Australian Competition and Consumer Commission (ACCC)

Date: August 25, 2025

Subject: Submission in Response to the [Specific Name of Stewardship Submission Request, e.g., Soft Plastic Stewardship Australia Limited]

This submission outlines significant concerns regarding the proposed stewardship submission request, arguing against a model that disproportionately burdens consumers and stifles innovation.

We believe a more effective and equitable approach is one that places the primary responsibility for sustainable packaging on manufacturers and retailers, encourages market-led innovation, and ensures solutions are genuinely accessible and effective.

1. The Critical Role of Innovation in Leading the Way

A product stewardship scheme that relies on a top-down, levy-based approach risks stifling the very innovation needed to solve the packaging waste crisis. True progress comes from market competition and technological advancement, not from a system that can create barriers to entry or a disincentive to invest in new solutions.

- **Example 1: Edible and Water-Soluble Packaging.** Companies like WikiFoods and SmartSolve are developing packaging that is either edible or dissolves completely in water. These are not incremental changes but fundamental shifts in product design. A rigid stewardship model may not be able to accommodate or reward such disruptive technologies, as it is focused on managing existing waste streams rather than eliminating them at the source.
- **Example 2: Mycelium-Based Materials.** Ecovative has pioneered the use of mycelium (the root structure of mushrooms) to create biodegradable packaging that can replace polystyrene foam. This material is grown using agricultural waste and is fully compostable. Such an innovation is a direct market response to the demand for sustainable alternatives and a testament to what can be achieved when companies are incentivized to invest in R&D.
- **Example 3: Material Redesign for Recyclability.** Kraft Heinz, in collaboration with Berry Global, developed a fully recyclable ketchup cap made from a single type of plastic, addressing a long-standing issue with multi-material lids. This simple yet significant design change was a result of a company's commitment to improving its product's end-of-life, driven by consumer demand and brand reputation, not a mandatory levy.

These examples illustrate that innovation is already leading the charge. The ACCC should be cautious of a system that may inadvertently create a disincentive for such pioneering work by making it more economically viable to simply pay a levy than to invest in fundamental product redesign.

2. The Case of RedCycle: Accessibility and Success

While RedCycle's ultimate collapse due to operational and market failures is well-documented, its initial success and widespread adoption provide a crucial lesson in consumer behavior and accessibility. The program's success factors were rooted in its convenience and clear communication, not financial burdens on the consumer.

- **Convenience and Co-location:** RedCycle's primary strength was its partnership with major supermarkets. By placing collection bins at the front of stores, it seamlessly integrated soft plastic recycling into consumers' existing shopping routines. This co-location reduced the friction of recycling, making it a simple, habitual action for millions of Australians.
- **Clear and Consistent Messaging:** The RedCycle logo was prominently featured on the packaging of many popular brands. This consistent on-pack messaging served as a clear, visual cue to consumers, informing them of the correct disposal method and building trust in the system. It made the process of sorting and returning soft plastics intuitive and unambiguous.
- **Filling a Market Gap:** At the time, RedCycle was the only nationwide solution for a widespread waste problem. Its success was a direct result of it providing an accessible and convenient option that was otherwise unavailable through local council services.

The key takeaway is that consumer participation is driven by convenience and clarity. Any new scheme must be equally, if not more, accessible than RedCycle was at its peak. Placing a financial burden on consumers through levies, without guaranteeing a similarly accessible collection and recycling infrastructure, is a recipe for low public participation and the failure of the scheme's core objectives.

3. Why Consumers Should Not Be Burdened

The concept of "extended producer responsibility" (EPR) is fundamentally sound. However, a model that directly passes on the costs of a stewardship scheme to consumers through a levy is a flawed interpretation of this principle. The burden of packaging waste should fall on those who create and profit from it: manufacturers and retailers.

- **Producers are the Decision-Makers:** Consumers do not choose the packaging their products come in. They are presented with a finished good. Manufacturers make conscious decisions about material choice, design, and volume based on cost, durability, and marketing. Therefore, the responsibility for the end-of-life of that packaging must primarily rest with them.
- **The "Polluter Pays" Principle:** A levy-based scheme that is passed directly to the consumer subverts the "polluter pays" principle. It shifts the financial responsibility for waste management from the entity that created the waste stream to the end-user. This creates a moral hazard where producers can continue to use difficult-to-recycle materials while consumers bear the costs of their disposal.
- **Packaging is a Business Cost:** Just as manufacturers and retailers budget for the raw materials, labour, and transport of their products, they must also budget for the environmental costs of their packaging. Packaging is an integral part of the product's value chain, and its responsible management should be treated as a standard cost of doing business, not an optional extra to be offloaded onto the public.
- **Risk of Inequity:** A flat levy on all products with soft plastic packaging, regardless of

recyclability, could disproportionately affect low-income consumers who have limited choice in the products they can afford. It penalizes them for a problem they did not create and cannot solve on their own.

Conclusion

We urge the ACCC to critically assess the proposed stewardship scheme to ensure it does not create a system that is anti-competitive, ineffective, or regressive. A successful model must:

1. **Prioritise Innovation:** Encourage competition and investment in sustainable packaging materials and systems by manufacturers and designers.
2. **Ensure True Accessibility:** Mandate that any collection scheme is as, if not more, convenient and widespread as RedCycle was at its height, placing a clear responsibility on retailers to provide accessible drop-off points.
3. **Hold Producers Accountable:** Ensure that the financial burden of managing packaging waste is borne by the companies that create it, incentivising them to reduce, redesign, and innovate.

A scheme that places the burden on consumers and stifles market-led solutions is a step backwards. We advocate for a more robust framework that holds the polluters accountable and allows for the ingenuity of the private sector to truly lead the way toward a circular economy. Sincerely,