

17 April 2025

Tess Macrae – Director Competition Exemptions Branch  
Australian Competition & Consumer Commission  
Level 17, 2 Lonsdale Street  
Melbourne VIC 3000

Dear Ms Macrae

**RE: Soft Plastic Stewardship Australia Limited (SPSA) application for authorisation AA1000695**

Cleanaway is actively involved in collection of soft plastics through our participation in trials and soft plastic kerbside collection pilots in recent years organised by the NPRS and prior to that in partnership with the City of Melbourne. Furthermore, we have commenced a pre-feasibility study together with Viva Energy Australia for the construction of a soft plastics recycling facility that will transform mixed soft plastics into food grade circular polypropylene. This study has successfully completed the pre-feasibility stage and is currently in feasibility stage with the objective to deliver a 50,000 tonnes per annum soft plastic recycling plant by 2030.

Cleanaway would like to bring the following points to the attention of the ACCC in considering this application.

*Support for the creation of a Product Stewardship Organisation (PRO) for soft plastics*

Cleanaway welcomes the creation of an industry funded PRO for soft plastics that takes responsibility for the full lifecycle of soft plastic packaging placed on market in Australia. The experience with REDcycle as well as a plethora of examples from overseas demonstrate that soft plastic recycling is not financially viable without an extended producer responsibility (EPR) scheme that closes the financial gaps in collection, sorting and recycling soft plastics back into packaging. Technology is now available to achieve this through *inter alia* advanced chemical recycling, however, implementation requires substantial capital investment that will only become commercially viable once these financial gaps are underpinned through EPR service payments. Given the amount of investment, long term commitments will be needed to ensure a return on investment. The proposed term of 8 years for the authorisation may be insufficient to allow for this as 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.

*Membership to PRO needs to be mandatory*

To effectively tackle the issue of free riders, membership to the PRO should become mandatory. This is currently being considered as the preferred option in the packaging reform led by the Federal Department of Climate Change, Energy, the Environment and Water (DCCEEW) as also indicated on page 126 of the submission. As indicated publicly by SPSA, currently only 15% of packaging is covered through the foundation members of the scheme and consequently 85% of packaging is getting a free rider advantage. This is unacceptable both from a competitive environment

perspective of producers of packaged products but will also provide insufficient revenue to cover the cost to effectively recover and recycle the soft plastics placed on market.

A PRO with mandatory membership would need to be appointed by government based on objective selection criteria and deliver optimal outcomes in terms of circularity and value for money. Our support for a mandatory scheme does not mean that there could not be a PRO other than SPSA selected as the administrator/operator of a mandatory scheme.

*Levies need to be sufficient to cover all financial gaps*

One of the shortcomings of the REDcycle scheme was that the levies raised were insufficient to close the financial gaps in the recycling of soft plastics, leading to its eventual collapse. The operational costs listed on page 129 of the application translate to a cost of ca. \$2,000-2,500 per tonne of collected soft plastic material. Assuming these operational costs are only used to fund the collection, sorting and recycling of the soft plastics, they are in line with our assessment of the gaps in the supply chain to enable recycling of soft plastics into food grade circular polypropylene or polyethylene resin.

*Scheme should drive circular outcomes with deep end markets*

It is important the Scheme drives fully circular solutions and not rely on temporary solutions or products that may have detrimental long-term effects. The aim should be for soft plastic packaging to be recycled into new soft plastic packaging that is equally recyclable as the packaging made from virgin plastic raw material. Where this is not possible due to the design of the packaging, such packaging should be disincentivised through ecomodulated levies. If soft plastics are recycled into other products than packaging, the availability of end markets needs to be validated, and the long-term impacts of the products be known to not cause harm. For example, if soft plastics are converted into park benches or asphalt additives, it will need to be demonstrated that these products are still recyclable and do not become a source of microplastics in the environment over its intended lifetime.

*Soft plastic collection needs to be expanded in lockstep with recycling capacity*

SPSA intends to take over responsibility of soft plastic collection via supermarkets as well as kerbside. The expansion of collection capacity will need to be very carefully calibrated against available recycling capacity to avoid the creation of stockpiles. As in any supply chain, temporary interruptions will occur due to operational issues at processors. Therefore, adequate licensed storage capacity will be required to absorb such interruptions.

*Scope of soft plastic packaging scheme*

We note that the scheme will initially focus on business-to-consumer (B2C) soft plastic packaging. We agree that this is an important segment due to its high visibility and exposure in the media. However, in order to stimulate the recycling of business-to-business (B2B) soft plastics and justify the construction of large-scale processing infrastructure, we recommend extending the scope to B2B soft plastics, particularly with a view to a mandated scheme in the future.

We hope that our submission will assist the ACCC in making its determination and remain at your disposal for any questions you may have.

Yours sincerely,

Dr Jeroen Wassenaar  
Head of Innovation