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Naomi Menon
Director, Competition Exemptions
Australian Competition and Consumer
Commission
23 Marcus Clarke Street
Canberra ACT 2601

Hannah Craig
Senior Analyst
Australian Competition and Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601

Dear Ms Menon and Ms Craig

Soft Plastic Stewardship Australia application for authorisation AA1000695

We refer to the application for authorisation AA1000695 lodged by Soft Plastic Stewardship Australia Limited (**SPSA**) on 18 March 2025 (**Application**). This is a joint communication by Coles Group Limited (**Coles**) on behalf of itself and its related bodies corporate, Woolworths Group Limited and its related bodies corporate (**Woolworths**) and ALDI Stores (a Limited Partnership (**ALDI**)) (together, the **Participants**).

The purpose of this letter is to outline the Participants' support for the Application, particularly with respect to the need for industry-wide solutions for soft plastics waste.

1 The Participants' activities under the Authorisation

As the ACCC is aware, on 27 February 2025, the ACCC granted authorisation to the Participants to continue to engage in conduct in connection with the industry-led Soft Plastics Taskforce (the **Taskforce**) which was established in 2022 following the collapse of the REDcycle soft plastics recycling program (the **Authorisation**). With the benefit of the Authorisation, the Participants have:

- expanded the in-store pilot program for in-store soft plastics collection to pilot stores located in Queensland, Victoria and New South Wales;
- made substantial progress in recycling the legacy stockpiles, including the extinguishing of the legacy stockpiles in NSW, and with completion estimated to occur in 2026; and
- supported the re-establishment of soft plastics recycling capacity in Australia. This includes entering into commercial in confidence arrangements and providing direct investment into the establishment of additional processing capacity, and supporting the development of offtake end markets for the outcomes of processing.

While the Authorisation has enabled significant progress to be made by the Participants, it is not anticipated that the Taskforce will continue in the longer term. The Participants intend that the Taskforce will operate as an interim solution pending transition to a broader industry-led soft plastics stewardship scheme. As discussed further below, the Participants are strongly of the view that meaningful progress requires a whole of industry approach and shared responsibility for the management of soft plastics waste.

2 The need for industry-wide solutions for soft plastics waste

The re-establishment of a soft plastics recycling industry in Australia is a complex and multi-faceted issue. While the Authorisation has enabled the Participants to accelerate development of new soft plastics recycling capacity in Australia following the collapse of REDcycle, the ongoing viability of the Australian soft plastics recycling industry is dependent on support and investment from various stakeholders.

It is necessary for there to be a whole of ecosystem approach, with full chain of custody for all products produced using soft plastics. In particular, further expansion of soft plastics recycling in Australia requires:

- additional mechanical and advanced soft plastics recycling facilities;
- guaranteed feedstocks;
- further incentives for businesses to use collected soft plastics, processors to process the waste efficiently back into raw materials, and manufacturers to use pelletised plastics to make their products; and
- sufficient investment in end markets.¹

SPSA, through the proposed scheme, is better placed than the Participants to further these objectives in the longer term. Unlike the Participants (whose activities are limited to managing the legacy stockpiles and the pilot phase of the in-store collection program), SPSA will have greater levels of responsibility for achieving circular outcomes with respect of soft plastics recycling. As a broader industry scheme, SPSA will be able to:

- implement longer-term solutions for soft plastics waste nationally;
- achieve improved economies of scale;
- carry out public education campaigns on soft plastics recycling with the objective of promoting widespread community uptake and reduce contamination of recycling streams in the longer term;
- over time, expand SPSA's member base of brands and retailers to drive broad industry change to create a circular rather than linear economy for soft plastics; and
- facilitate expanded soft plastics collection and multiple collection channels (including in-store and kerbside, and potentially other drop-off facilities), which is not available through the current in-store pilot.

Setting up a soft plastics collection and recycling program is also associated with significant costs and logistical challenges. This includes not only the direct financial costs associated with re-establishing soft plastics recycling supply chains, but also the need for ongoing staff, resources, and management time. To facilitate the ongoing management, and potential expansion, of soft plastics collection and continued investment in processing and offtake capacity, it is necessary for there to be shared industry responsibility for these costs. This includes contributions from those who manufacture products using soft plastics, as well as those who sell these products to end consumers.

Accordingly, the Participants are strongly supportive of the Application because it reflects a more effective approach to managing soft plastics waste in Australia and, importantly, reflects the shared responsibility of industry participants to resolve these issues.

Please do not hesitate to contact me if you would like to discuss further.

¹ See <https://www.parliament.sa.gov.au/en/Committees/Recycling>. See Summary at pages 8 – 9.

Yours sincerely



Rosannah Healy
Partner
Allens

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