



Ms Naomi Menon
Director
Competition Exemptions
Australian Consumer and Competition Commission
GPO Box 3131
Canberra ACT 2601

Via exemption@accc.gov.au

Dear Ms Menon

AA1000627 – Coles Group Limited and other participating supermarkets – submission

I write in relation to the abovementioned application (the application) for interim and final authorisation under s88(1) of the *Competition and Consumer Act 2010 (Cth)* (the Act). The Department of Climate Change, Energy, the Environment and Water (the department) welcomes the opportunity to provide a submission as a part of ACCC's consultations on and consideration of this matter.

The department has administrative responsibility for national waste and recycling matters including the National Waste Policy Action Plan, regulation of the export of certain waste streams including plastics and hazardous waste, and product stewardship policy. Our submission supports Coles Group Limited seeking an exemption arrangement under the Act for the Participants to explore solutions for managing the immediate effects of the suspension of REDcycle's return-to-store, soft plastics recovery program in Australia.

Before the 9 November suspension, REDcycle was the only national soft plastic recovery pathway where manufacturers, retailers, and consumers shared responsibility and reduced the amount of plastic packaging going to landfill. The program operated mainly through Coles and Woolworths shopfronts. It allowed consumers a relatively accessible path to recycle every day soft plastics.

With the suspension of the program, there are limited alternatives for many Australian households to return their soft plastic packaging for recycling. In the absence of a drop off or collection arrangement, consumers must now send soft plastics to landfill. 2,646,700 tonnes of plastic reached end of life in Australia in 2020-21. Of those 2,275,400 tonnes ended up in landfill, with many metropolitan landfills indicating they are running out of space. When plastics waste ends up in the environment it may take up to 1,000 years to decompose. The output consists of leachate and gases that are a major cause of pollution, potentially leaking toxic substances into the environment including soils and our waterways.

Post-consumer soft plastics have traditionally been difficult to recycle because they are made of several different plastic polymers and can be contaminated with food and other organic matter. Governments across Australia have made significant investments, with industry, in new recycling capacity capable of better sorting and processing materials, including soft plastics. This includes, for example, announcing co-funding of \$32.9 million into 15 new projects that will process soft plastics under the Recycling Modernisation Fund. These projects in New South Wales, South Australia, Tasmania, Victoria and Western Australia will see more than \$76.9 million invested in recycling infrastructure. Further projects that will process soft plastics will be announced in due course.

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The recycling and resource recovery sectors in Australia are experiencing substantial growth. Recent investment by government and industry will significantly increase Australia's domestic processing capacity. This will see substantial progress made against the national packaging targets to have 70 per cent of our plastic packaging recycled or composted and 50 per cent of average recycled content in packaging by 2025. By increasing recycled feedstock, remanufacturers will be able to produce more products with recycled content and meet growing national and global demand for recycled plastics.

Consumer confidence and established soft plastic recycling behaviours that have been built since the REDcycle program commenced in 2011 may be eroded without prompt action from industry to establish a viable alternative. An erosion of consumer confidence could have lasting impacts on Australia's soft plastics recycling rates. This will have environmental impacts that extend beyond the relative shorter-term nature of the current matter.

While the department is not listed as a Participant to the authorisation, and properly so given it does not hold a commercial interest, the Participants propose that the department initially chair the industry-led Soft Plastics Taskforce (paragraph 1.1 of the application refers). The department supports this proposal and is happy to facilitate initial discussions. While it may not be necessary for the department to continue to chair meetings of the Soft Plastics Taskforce for its entire period of operation, it is our intention to maintain attendance.

The department concurs with the need to promptly convene these parties to address the immediate effects of the cessation of REDcycle's activities. The department supports an interim authorisation applying to a limited scope of activity.

Beyond the proposed activities set out in the application, a broader range of consultative activities will take place, drawing in other entities across the plastics supply chain, to address longer term solutions for soft plastics in Australia. This could be through better packaging design, approaches to collection and logistics or technologies that allow the recycling of soft plastics into food grade packaging or other marketable plastic products, aiming to see true circularity for plastics.

Immediate efforts to build and sustain collection and processing of soft plastics will help ensure the viability of new investments being made in processing facilities through a consistent supply of this valuable feedstock for recyclers and manufacturers.

Yours sincerely



Chloë Bird
A/g Division Head
Environment Protection Division
7 December 2022