

Submission on the Soft Plastics Sustainability Australia (SPSA) Scheme

Introduction

We welcome the opportunity to provide feedback on the proposed Soft Plastics Sustainability Australia (SPSA) scheme. As the level of government closest to the community, local councils are directly responsible for waste collection, education, and engagement with residents. We strongly support national initiatives to address soft plastics, but we are concerned that the current SPSA framework does not adequately account for the role of local government, nor does it place sufficient emphasis on packaging reduction and design reform.

If kerbside collections and drop off points beyond supermarkets are to be expanded upon, Councils will need to support with logistics and community education – yet the current framework risks shifting significant costs onto local government without providing resourcing or governance input.

The SPSA does not recognise the cost shifting that has already occurred to local governments as many moved to provide drop off options at cost to Council.

Additionally, having some Council areas collecting soft plastics through the kerbside collection, while others do not, means that we will have mixture of waste standards which is contravening the need for a consistent waste collection system/approach.

The scheme also places too much emphasis on recycling without strong measures to reduce unnecessary or hard-to-recycle packaging at the source. Infrastructure gaps, especially in regional areas, and weak markets for recycled plastics present further risks.

Finally, while we welcome the proposed scheme, we are concerned that its voluntary nature will limit impact and lead to an uneven playing field. Without mandatory participation, businesses that opt out may externalise costs to councils and the community while more responsible producers bear higher levies. A national scheme must apply consistently to all producers and retailers who place soft plastics on the market if it is to be equitable and effective.

This submission outlines the key issues from a local government perspective and provides recommendations to strengthen the scheme.

1. The role of and impact on Local Government

A. Operational burden and cost

- The SPSA scheme proposes to expand collection channels beyond supermarket collections, to additional drop off points and kerbside collections. For it to succeed, Local governments will need to support scheme delivery through providing drop-off locations, potentially including soft plastics in kerbside collections, community education, and logistical coordination.
- Previous pilots of soft plastic kerbside collections indicate a cost of \$13–15 per household annually, which, when scaled, represents a significant additional financial and operational burden on councils.
- Without appropriate funding and support, costs risk being shifted to local governments, rather than borne by producers.
- *How will the scheme ensure that local government does not shoulder the majority of costs?*

B. Education and behaviour change

- While SPSA lists education and awareness activities among its objectives, local governments will likely need to deliver these on the ground.
- Councils are the primary interface with the community on waste and recycling. Even though the scheme is not run by local government, residents will look to councils for clarity.
- To ensure success, councils must be resourced to deliver consistent, transparent, effective and practical community education.
- Councils must be resourced to run community campaigns, manage confusion over drop-off sites, and support clear messaging - especially since SPSA's model relies on households using specific systems like bags in the recycling stream, and understanding what plastics are accepted.

C. Inclusion in Governance

- The SPSA scheme has engaged with state and federal agencies but does not appear to have formally consulted local governments (other than those involved in the pilot kerb-side collections) despite their critical role in delivery.
- SPSA is establishing a Stakeholder Advisory Council (SAC), with representation from processors, governments, NGOs, consumer groups, academics, etc. It is essential that local government representatives - from both metropolitan and regional councils - be formally included to ensure that logistical, regulatory, cost, and communication realities at the council level are incorporated into scheme governance
- Local governments must have formal representation on the Stakeholder Advisory Council (SAC) and in pilot program design to ensure operational realities are embedded in scheme governance.

2. Environmental effectiveness and scheme design

A. Limited focus on packaging reduction

- While SPSA's role is to manage soft plastic packaging recovery, and we understand that this is a necessary first aim given the current state of circularity and recycling in Australia, it does not appear to include upstream interventions to reduce unnecessary or hard-to-recycle packaging. It includes objectives such as promoting reuse, minimising environmental damage, and supporting food-grade recycled content, but not design changes or material reductions.
- The scheme prioritises recycling but does not adequately address unnecessary packaging or difficult-to-recycle plastics, such as multi-layer films and composite materials.
- Recycling alone is insufficient. Stronger upstream measures are required to reduce soft plastics at the source (which will then reduce the quantities needing to be managed).
- The proposal states that SPSA's levy may result in eco-modulation in the future – specifically incentivising recyclability or recycled content. However, no current criteria are specified, and this is clearly positioned as a future consideration.

B. Risk of capacity bottlenecks

- Infrastructure to process soft plastics remains underdeveloped, particularly outside metropolitan areas. Without rapid investment, collected materials may be stockpiled, undermining public trust. While the scheme is aware of this, infrastructure and end markets will have more of an impact on the success of the scheme than consumer uptake.

C. Regional inequities

- Councils in rural and remote areas face longer transport distances and fewer processing options, increasing emissions and costs.
- Decentralised processing hubs are needed to ensure regional communities can participate equitably.

D. Market demand for recycled plastics

- The economics of soft plastics recycling remain weak; the value of recycled materials does not currently offset collection and processing costs.

- Without mandated procurement requirements for recycled content by major retailers and government, recycling markets will remain inadequate for the quantities of soft plastics being collected.

3. Community trust and transparency

- The collapse of REDcycle damaged public confidence in soft plastic recycling.
- Councils, as trusted community educators, will need strong assurances that the SPSA scheme is transparent, independently audited, and avoids stockpiling.
- Transparent reporting and communication of outcomes are critical to rebuilding public trust and supporting effective local education campaigns.

4. Governance and alignment with National Policy

- To avoid duplication and confusion, SPSA must be closely aligned with:
 - APCO packaging reforms and design standards;
 - The Recycling Modernisation Fund and other federal/state initiatives;
 - The Australasian Recycling Label, ensuring consistent public messaging.
- Lessons from REDcycle highlight the need for robust governance, coordinated investment signals, varied processing options, and end-market development to ensure scheme sustainability. It is reassuring that this is recognised in the proposal, however local government will need ongoing evidence that this is in place.
- SPSA is proposing to allow Coles and Woolworths to gain a 'rebate'. There is no governance structure proposed to prevent Coles and Woolworths from having a competitive advantage (as they may neutralise the levy impacts) nor stop Coles and Woolworths from using the scheme to generate revenue. Lastly, given that the SPSA will have representatives of Coles and Woolworths on the board, is this not a conflict of interest?

5. Recommendations

We recommend that the SPSA scheme be strengthened through:

1. Mandatory participation

- Make the scheme compulsory for all producers and retailers placing soft plastics on the market to ensure a level playing field.
- A voluntary model risks free-riding, inequity, and reduced effectiveness.

2. Formal Local Government involvement

- Include council representatives in the Stakeholder Advisory Council.
- Co-design pilot programs with councils from metropolitan, regional, and remote areas.

3. Adequate resourcing for Councils

- Provide direct funding to councils to support education, kerbside collection logistics, and community engagement.
- Avoid shifting operational costs onto local government budgets.

4. Embed design and packaging reduction incentives

Strengthen the scheme's scope by:

- Requiring eco-modulated levies based on packaging recyclability, reuse potential, or minimal material use, with clear criteria from the outset.
- Outline how eco-modulation will be phased in, rather than leaving this to chance and future considerations. For example, introduce eco-modulated levies from the outset to incentivise recyclable, reusable, or minimal packaging.
- Coordinating with state/federal packaging reforms, such as proposed design standards under extended producer responsibility (EPR) frameworks.
- Working with APCO to set material bans or redesign targets (e.g., reducing multilayer films, non-recyclable composites).
- Align scheme design with broader packaging reduction and redesign strategies, including potential bans on non-recyclable materials.

5. Infrastructure investment

- Commit to funding localised processing facilities, particularly in regional and rural areas, to reduce transport costs and emissions.
- Ensure that infrastructure development keeps pace with collection volumes.

6. Mandated market demand

- Require major retailers, government agencies, and industry to procure recycled soft plastic products to create stable end markets. While this is largely out of scope for SPSA, advocating federal and state government should be included in the scheme.

7. Transparency and accountability

While SPSA intends to publish annual reports with metrics (participants, volumes, targets), it should also include measures of packaging reduction or eco-design improvements.

- Publish independent, audited annual reports including:
 - Volumes collected, recycled, or landfilled;
 - Council-level participation and education outcomes;
 - Packaging reduction achievements, not just recycling volumes.
 - Cost analysis on impacts of the scheme on retail pricing to ensure that only pricing increases are within the levy estimates as per Figure 3.