

SOFT PLASTIC STEWARDSHIP AUSTRALIA'S NATIONAL RECYCLING SCHEME – ACCC APPLICATION

MAY 2025

The National Retail Association (NRA) and Australian Retailers Association (ARA), which propose to amalgamate into the Australian Retail Council (ARC), represent a **\$430 billion sector** that accounts for **18% of Gross Domestic Product**, and **employs 1.4 million Australians** – making retail the largest private sector employer in the country and a significant contributor to the Australian economy

Our membership spans the full spectrum of Australian retail, from family-owned small and independent retailers that make up 95% of our membership, through to our largest national and international retailers that employ thousands of Australians and support both metropolitan and regional communities every day.

The National Retail Association have valuable insight to share as the leading industry experts in single-use plastic (SUP) bans across Australia, including the potential impacts on business and community organisations and their supply chains. We are active members of government-led taskforces addressing single-use plastics in all jurisdictions. We also assist with the practical implementation of legislation to improve its success, from large-scale business education programs to awareness campaigns. Within the last 5 years, National Retail has been engaged by governments to deliver 15 single-use plastic ban programs to educate and support thousands of retailers, suppliers, charities and community organisations.

Australia's transition to a more circular economy is a shared responsibility between all actors - government, industry, and community, and involves businesses along the entire supply chain, from importers, designers, producers, sellers, users, and recyclers. Committing to a circular economy approach means moving away from a simplistic anti-plastic stance to an anti-waste stance. We must prioritise materials that can be recovered, recycled, and resold thousands of times, including plastic.

Our members have been at the forefront of changes to sustainable packaging, implementing more sustainable packaging, complying with changing regulations, managing compliance at both a State, Territory and National level, and promoting the uptake of programs including the Australasian Recycling Label (ARL) and Container Deposit Scheme (CDS). It is critical that business and industry is recognised for taking these initiatives and are at the very heart of future decisions and development.

According to the CSIRO, Australia has a circularity rate of 5.4 percent. It is imperative to identify areas of the circular economy that provide Australia with a competitive advantage, and to invest in infrastructure and materials that strengthen the circular economy, create additional sorting and processing infrastructure, create additional employment and workforce capabilities, and strengthen our sovereign manufacturing capability while investing in additional research and innovation. Critically, resource recovery efficiency is integral for carbon abatement.

In Australia, despite experiencing high material flows, there is low material circularity. **The majority of materials are exported, and in 2019, it was estimated that while 917 million tonnes were consumed as a share of the domestic market, only 39 million tonnes of materials were recycled.**

Currently, Australia is dependent on unprocessed, raw materials that undergo transformation offshore and are supplied as manufactured imports of high value. Our reliance on imported materials and the reduction in sovereign manufacturing capabilities has meant that as a proportion of Gross Domestic Product (GDP), compared to OECD nations, Australia now has the smallest manufacturing sector. Domestic manufacturing capabilities are around half of the average for OECD countries.

Soft Plastic Recycling in Australia

The scale of the soft plastics challenge in Australia is significant, with approximately 538,000 tonnes of soft plastics produced annually, of which only 6 percent (approximately 30,000 tonnes) is currently recycled, according to data from the Australian Packaging Covenant Organisation (February 2025).

The remaining recyclable soft plastics—approximately 300,000 tonnes, are lost to landfill or the environment, representing a missed opportunity valued at over \$500 million based on current virgin plastic pellet prices. Soft Plastic Stewardship Australia’s (SPSA) proposed scheme is poised to transform this landscape by establishing a circular economy for soft plastics, reducing environmental pollution, and fostering domestic recycling capacity. By diverting significant volumes of soft plastics from landfills, the scheme will mitigate environmental harm and create valuable resources, delivering substantial environmental, and circular economy benefits.

Support for Soft Plastic Stewardship Australia’s National Recycling Scheme

The National Retail Association and Australian Retailers Association are pleased to express our strong support for the Soft Plastic Stewardship Australia (SPSA) initiative and its application for authorisation from the Australian Competition and Consumer Commission (ACCC) to implement a national, industry-led product stewardship scheme for soft plastics recycling.

This project represents a critical step forward in addressing the pressing challenge of soft plastics waste in Australia, and we commend its development as a collaborative, industry-driven solution that aligns with national and global sustainability goals.

Soft Plastic Stewardship Australia was established, and entirely led by industry, reflecting a unified commitment from brand owners, retailers, and other stakeholders to take responsibility for the lifecycle of soft plastics. The establishment of Soft Plastic Stewardship Australia as an independent, not-for-profit entity, underscores this commitment, with a governance model that includes a diverse board of industry representatives and plans for independent directors and a Stakeholder Advisory Council. This inclusive structure ensures that the scheme is informed by a broad range of perspectives, including recyclers, government agencies, environmental organisations, and consumer groups, fostering collaboration and systemic change across the recycling industry.

The proposed scheme’s objectives—creating a sustainable circular economy, reducing environmental impact, and driving onshore recycling capacity is critical to ensure Australia meets its circular economy, and sustainability targets. Onshore, domestic recycling capability is an opportunity to increase circular economy productivity and highlights that investing in domestic infrastructure can positively contribute to recycled content requirements.

By implementing a levy on soft plastics placed on the market, Soft Plastic Stewardship Australia will fund critical activities, including the collection, sorting, processing, and recycling, while transition agreements with the Soft Plastics Taskforce and the Australian Food and Grocery Council (AFGC) will build on existing programs including the National Plastics Recycling Scheme (NPRS) kerbside pilots.

The scheme’s phased approach, with interim authorisation sought by May 2025, and final authorisation by September 2025, demonstrates a pragmatic and timely strategy to address an existing market gap, and expand recycling infrastructure.

The public and industry benefits of Soft Plastic Stewardship Australia's scheme are compelling. Our members have collectively diverted significant volumes of soft plastics from landfill and transformed waste into valuable resources.

Industry has worked collaboratively to foster innovation, establish potential markets for recycled soft plastics, and has achieved participation from both consumer brands, and large and small retailers. The proposed scheme levy is up to 90 percent lower, compared to global schemes and will successfully redivert landfill waste to recycled commodities, investing significantly in the Australian economy, and supporting even greater employment opportunities in the recycling sector. This cost-effective approach encourages broad participation while delivering scalable impact.

The National Retail Association and Australian Retailers Association strongly support investment in kerbside and drop off collection points, as key to reaching Australia's sustainability, and circular economy goals. We note that the Scheme will consolidate and scale up the collection of soft plastics through kerbside recycling, instore recycling and drop off collection points.

The various collection points will provide greater continuity for the Australasian Recycling Label (ARL) which is already on over 500,000 packaging SKUs in Australia and New Zealand and will provide consumers with the option to recycle their soft plastics, and subsequently, contribute to recycled content targets and domestic supply of soft plastics.

For industry participants, the scheme offers a unified platform to demonstrate commitment to sustainability, secure social license, and gain confidence from government and consumers. Environmentally, it will reduce pollution and landfill waste, aligning with Australia's National Packaging Targets and global best practices in waste recovery.

The National Retail Association and Australian Retailers Association wholeheartedly support Soft Plastic Stewardship Australia's application for ACCC authorisation, and we urge industry, and government, to recognise the critical role this initiative plays in advancing Australia's soft plastics recycling efforts.

By fostering collaboration, leveraging industry expertise, and aligning with policy objectives, Soft Plastic Stewardship Australia's scheme is uniquely positioned to deliver timely, effective, and sustainable solutions.

Should you have any questions or wish to discuss this submission, please do not hesitate to policy@nationalretail.org.au