



Re: Zero Waste Victoria Submission for Soft Plastic Stewardship Australia – Application for Authorisation AA1000695

Dear ACCC,

Thank you for the invitation to provide feedback on the Soft Plastic Stewardship Australia (SPSA) application for authorisation AA1000695.

Zero Waste Victoria (ZWV) is a community organisation dedicated to empowering individuals and communities to reduce waste and embrace sustainable living practices. Through active engagement, ZWV facilitates conversations and advocates for systemic solutions to address the growing challenges in our waste and recycling systems.

As a community advocate, ZWV provides a platform for people to exchange ideas, seek advice, and access resources that promote waste reduction and circular economy initiatives. Our strong connection to the community gives us valuable insight into the perspectives of individuals, families, and small businesses striving to minimise waste. This submission reflects the views and concerns of the community members we engage with, particularly in relation to the need for genuine product stewardship and sustainable, transparent solutions for managing soft plastics and waste.

ZWV welcomes initiatives that reduce waste, recover resources, and manage materials sustainably through genuine product stewardship and producer responsibility. Communities expect solutions that are transparent, accountable, and focused on delivering real environmental outcomes. It is essential that those placing materials on the market are held accountable for ensuring sustainable use and true circularity, not only for current needs but for long-term environmental sustainability.

When we first became aware of this proposal, we recognised its significance due to a growing concern about the resources used to produce single-use packaging and the broader impacts of our waste systems. Concerns that have intensified since the collapse of REDcycle in 2022. We recognise that REDcycle's failure wasn't due to a

lack of collection capability or the desire for a solution, but rather the absence of viable demand and processing capacity for the soft plastic waste. Without a sustainable end-use, we risk repeating the same pattern of stockpiling or continuing to send it to landfill. This highlights the need for genuine producer responsibility, where those placing packaging or products on the market are also responsible for designing for reuse or recycling, and ensuring sustainable pathways for the material. Notably REDcycle effectively collected around 3% of post-consumer soft plastic packaging, and much of this still remains stockpiled, awaiting processing.

The proposed model focuses on addressing single-use plastic packaging, which currently lacks viable reuse pathways or processing demand. However, without prioritising sustainable design from the outset, it cannot be considered true product stewardship. For a scheme to meet product stewardship standards, design must also be taken into account. Manufacturers often favour soft plastics for reasons including convenience and cost. When soft plastics, or any packaging, are mass-produced without consideration for recyclability or reuse, the burden of management falls on the waste industry and the community, relying on downstream solutions to divert material from landfill. This approach fails to address the root cause - the need to improve packaging at the design stage.

Local councils and communities have often been left to bear the burden of soft plastics management. While there is significant public demand for solutions, any scheme must ensure its pricing model is financially sustainable for recyclers, without shifting the responsibility onto the public sector or communities.

Core Issues with the Current Proposal

- **Lack of Sustainable Design Requirements:** Without any obligations to improve packaging design, the SPSA scheme is a waste collection and recycling initiative, not a genuine product stewardship model. It may come across to the public as greenwashing, which could erode public trust.
- **No Guaranteed End Market:** There is no commitment for scheme members to reacquire or take full responsibility for the recycled materials. Instead, the scheme relies on the hope that another sector or party will find solutions for the waste. This shifts the burden onto the waste and recycling industry, even though scalable and reliable processes to manage and divert these materials do not currently exist.

- **Levy Funding and True Cost Recovery:** The scheme proposes a levy based on the volume of soft plastics placed on the market. This cost will likely be passed on to consumers, but there's limited transparency about how levy amounts are set, how they will be reviewed, or how scheme costs and outcomes will be communicated to the public.
- **Conflict of Interest Concerns:** With governance led by representatives of major supermarkets and brand owners, the scheme has an inherent conflict of interest. This concern is amplified by the proposal for Coles and Woolworths to be paid \$16 million through the scheme, effectively embedding past expenses into what is being presented as a new industry initiative. A credible and transparent scheme must prioritise future initiatives and long-term outcomes, not the reimbursement of previous expenses, which remain the responsibility of those companies.
- **Operational or Back-of-House Plastics:** While the focus on post-consumer soft plastics reflects strong community and council interest, a significant volume of business-to-business plastic, such as pallet wrap, which is often cleaner and easier to process remains largely unaddressed. Prioritising only visible post-consumer plastics risks favouring PR wins and marketing claims over genuinely addressing the full scope of soft plastic waste.

Risk of Public Trust Erosion

Given the lessons following the REDcycle collapse, the public is more informed and more sceptical. If this scheme fails to deliver, either due to poor governance, inadequate infrastructure, or the absence of real markets, it could seriously undermine trust in recycling more broadly, not just for soft plastics.

Communities, councils, and environmental groups are desperate for real solutions. They want smarter packaging design, robust infrastructure and genuine producer accountability. Not just a replacement scheme or another feel-good label. Approval of a scheme that lacks these elements risks misleading consumers and distorting competition, especially if purchasing choices are influenced by the belief that it represents product stewardship, when its focus is limited to recycling rather than broader stewardship responsibilities.

Extended Producer Responsibility (EPR) Scheme Considerations

The federal government is currently reviewing packaging regulation as part of the *Reform of Packaging Regulation Consultation*. One of the proposed pathways is a national, mandatory EPR scheme, which will be legislated at the Commonwealth level. This would mandate outcomes, scale accountability, and charge fees based on both volume and material type.

In this context, the SPSA proposal raises a number of concerns:

- **Risk of duplication and confusion:** With national reform in motion, a voluntary parallel scheme could create duplication, confusion, and conflicting compliance obligations. Alignment is essential or we risk inefficiencies, loopholes, and weakened environmental outcomes.
- **Voluntary participation limits effectiveness:** Voluntary schemes make it easy for some players to benefit without contributing, especially when the largest contributors to the problem also control the scheme. Without mandated participation, the burden of cost and action will fall on a few, while others opt out or attempt to recoup past expenses. Genuine, system-wide change won't happen without regulation to ensure everyone plays their part.
- **Governance and transparency concerns:** The proposed SPSA scheme lacks an independent governance structure. It's currently led by representatives of major supermarkets and big brands, parties with strong commercial interests. That raises real concerns about transparency, equitable decision-making, and whether environmental goals will be prioritised over cost minimisation. It may also deter smaller businesses or new entrants, reinforcing the dominance of large corporations and undermining broader industry engagement.
- **Financial structure and cost recovery:** The SPSA proposal includes covering \$16 million in past expenses for Coles and Woolworths. Effectively a legacy payment to the companies of some founding board members. Building historical commercial costs into a new stewardship scheme raises serious concerns. A credible EPR model should focus on forward investment in infrastructure, innovation, and end-market development, not subsidising prior expenses.
- **Levy setting and impact on consumers:** The initiative proposes a levy, which is likely to be passed on to consumers. However, there is limited transparency around how the levy is set, how it will be reviewed, or how costs and outcomes will be communicated to the public.

Conditional Support for Pilot Continuity

If there is a genuine risk that the ongoing soft plastics recycling pilots could cease without a handover to SPSA, and if no other viable alternative exists to maintain continuity of service, we would consider supporting a conditional interim authorisation, as a transitional measure. This is based on the information provided in the application, which only references AFGC, and our current lack of awareness of independent alternatives. If such alternatives do exist, they should be urgently assessed, especially if they offer independent governance without in-built conflicts of interest.

Importantly, if an interim operational handover from AFGC to SPSA proceeds, it must not be interpreted as endorsement of SPSA's current governance scheme. Serious concerns exist regarding governance structures, cost recovery mechanisms, levy-setting processes, the potential for levies to be passed on to consumers without transparency. It should also be noted that such a handover may risk complicating or delaying the implementation of mandatory national packaging reform or more environmentally sound packaging initiatives. This potential impact must also be taken into account.

At a minimum, clear accountability and independent recommendations must be in place, whether through a government agency or a genuinely impartial third party. This is essential to ensure full transparency around price-setting, how costs are passed on to consumers, and how this is communicated and marketed to the public.

Any interim arrangement must be clearly time-limited, subject to independent review, and revocable if the national packaging reform process, or other government intervention, recommends or requires a different pathway.

Any new stewardship scheme must be carefully aligned with the national direction on packaging reform. This alignment should be shaped not by the interests of those placing plastic on the market, but through the independent processes guiding the reform. This is critical to avoid confusion, duplication, or delays in holding producers fully accountable for the packaging they introduce.

While SPSA's focus on post-consumer soft plastics reflects public concern, a meaningful solution must address plastic waste across the entire supply chain, not just the most visible or marketable aspects. True product stewardship begins with sustainable design, is supported by viable recycling pathways, and is independently governed to earn and maintain public trust. Greater trust and acceptance from the community will be achieved through truly independent decision-making, aligned with Australia's broader transition toward a more sustainable and circular future.

Please do not hesitate to contact me at kirsty@zerowastevictoria.org.au if you have any questions or require further clarification regarding the points raised.

Yours Sincerely,

Kirsty Bishop-Fox
President, Zero Waste Victoria