

10<sup>th</sup> of April

Joanne Chong & Alison Roberts  
Commissioners  
Opportunities in the circular economy  
Australian Government Productivity Commission

**Re: Soft Plastic Stewardship Australia on circular economy opportunities for Australia**

Soft Plastic Stewardship Australia ([SPSA](#)) is an independent, industry-led, not-for-profit organisation dedicated to transforming Australia's soft plastics recycling landscape. Our proposed stewardship scheme, subject to ACCC authorisation, is designed to establish a robust, national recycling system that integrates both mechanical and chemical recycling technologies. We believe this approach can play a pivotal role in advancing Australia's circular economy, unlocking significant environmental, economic, and social benefits.

**How will SPSA work**

Subject to ACCC authorisation, SPSA plans to collect levies from brand owners (manufacturers) and retailers of consumer products based on the amount of consumer soft plastic they put into the Australian market associated with the products that they produce.

SPSA plans to use the levies to fund economic gaps in the soft plastic recycling supply chain, including processing the stored REDcycle material and the collection, sorting and processing of material from various collection trials.

SPSA aims to assess the scale and breadth of coverage provided by both drop off programs and kerbside recycling collection, providing consumers with convenient access to recycle their soft plastic at home or while shopping. Both collection channels have great potential to increase the amount of soft plastic being recycled.

## Key Opportunities and Benefits

### 1. **Job Creation and Economic Growth:**

Our analysis indicates that recycling soft plastics could create well over 500 jobs in the recycling sector alone—this figure does not include additional skilled roles in advanced manufacturing. By developing onshore processing capacity, SPSA aims to drive local employment, supporting regional economies and reducing dependency on imported materials.

### 2. **Unlocking Economic Value and Securing Supply Chains:**

Australia currently spends over \$1 billion on virgin soft plastic material, much of which is imported. Moreover, an estimated 300,000 tonnes of recyclable soft plastics, worth over \$500 million (based on AU\$1,700 per tonne), are lost to landfill annually. By recapturing this value through a well structured recycling scheme, SPSA will not only generate economic retention benefits but also secure a domestic feedstock, thereby strengthening Australia's supply chain and reducing import dependency.

### 3. **Infrastructure Investment and Government Support:**

We strongly advocate for increased government initiatives and funding support to drive this transformation. Key funding mechanisms—such as the Recycling Modernisation Fund and the National Reconstruction Fund—are critical to encouraging investment in necessary recycling infrastructure. Such support would enable the expansion of both mechanical and chemical recycling capacities, ensuring the scheme remains scalable and economically viable.

### 4. **Transformative Environmental and Industrial Impact:**

Our proposed scheme offers a dual benefit: environmental stewardship and industrial innovation. By diverting vast quantities of soft plastics from landfill, the scheme contributes to reducing greenhouse gas emissions, lowering environmental remediation costs, and promoting sustainable waste management practices. Simultaneously, establishing onshore recycling capabilities and developing a domestic recycling industry will drive technological advancement and help reposition soft plastics as a valuable resource within Australia's circular economy.

SPSA supports many of the findings and recommendations of the Productivity Commission's interim report. SPSA advocates for whole of lifecycle, whole of nation and whole of supply chain policies. These would assist industry as follows:

**Whole of lifecycle** to ensure the total greenhouse gas emissions are considered rather than singular environmental or community impacts. For example, packaging design should consider the emissions of packaging production, scope 3 emissions of product contents, transport and end of life management of materials. Hence, the SPSA model proposed includes packaging design guidelines and consideration of emissions from various forms of recycling.

**Whole of nation** policies will drive investment confidence by providing certainty and scale for investment. For example, following Victoria's lead, the introduction of a national kerbside collection standard including a target date for the soft plastics collections would provide feedstock certainty for investors. Similarly, the adoption of national design standards (1) gives brands owners confidence to improve design and invest in plant and equipment, and (2) recyclers increased confidence in the recyclability of packaging to expand recycling facilities.

**Whole of system** policies and standards are essential for effectiveness, efficiency and to avoid greenwash. For example, under ACCC greenwash guidelines, a brand is exposed to greenwash risk by labelling packaging as recyclable if there is no recycling system capable of recycling the packaging. Currently, there are no recycling system standards which places brand owners and councils at risk. When a recycler collapses, community aim blame at brands and councils, both of whom are reliant on a secure recycling system backed by minimum national standards.

Furthermore, to stimulate end market demand, SPSA supports proposed national recycled content targets for packaging. However, without mandatory national traceability certification standards in the recycling sector there are three detrimental effects to circularity:

- 1) Recyclers who implement voluntary traceability certification are at a cost disadvantage to other uncertified recyclers,
- 2) Unscrupulous resin or packaging suppliers can pass off virgin materials as recycled, undermining investment confidence, and
- 3) Without mandatory certification, it is difficult, if not impossible, for brands and community to distinguish between virgin and recycled materials. This undermines investment confidence, PCR procurement and poses further greenwash risks on brands.

## 4 Pillars of Sustainable Product Stewardship

As SPSA seeks to create a new circular economy for soft plastics, it requires the alignment and support of government and industry. We have identified four key enablers that are essential to fast-track delivery of a sustainable soft plastic circular economy. In short, for a product stewardship scheme to be sustainable, efficient and effective, the following need to remain in balance:

1. Feedstock supply – Requires national kerbside standards and co funded pilots,
2. Processing capacity – Requires government funding for MRF's and recyclers,
3. End market demand – Required PCR content targets, mandatory PCR certification standards in the recycling, resin and packaging sectors and export exemptions to facilitate R&D, and
4. Funding – Requires mandatory scheme membership or government funding support while schemes are in a voluntary phase and dealing with an unlevel playing field due to free-riders

SPSA's proposed soft plastics recycling scheme represents a critical opportunity to modernise Australia's waste management system and catalyse the transition to a circular economy. With the potential to create jobs, unlock significant economic value, and reduce environmental impacts, our approach aligns with the Productivity Commission's goal of improving materials productivity and efficiency. We urge the Commission to consider our submission as part of a broader strategy to drive sustainable growth and competitiveness in Australia's manufacturing and recycling sectors.

We look forward to further dialogue and collaboration on this vital initiative.

Sincerely

Barry Cosier and Dee Milosevic

Joint CEOs