



ALGA

Australian Local
Government Association

Soft Plastic Stewardship Australia: Voluntary product stewardship scheme

ALGA Submission to ACCC

April 2025



Introduction

The Australian Local Government Association (ALGA) welcomes the opportunity to provide a submission to the Australian Consumer and Competition Commission (ACCC) as an Interested Party to the authorisation application made by Soft Plastic Stewardship Australia Limited (SPSA).

ALGA is the national voice of local government in Australia, representing 537 councils across the country. ALGA is an observer to Environment Ministers Meetings and is actively engaged in shaping national waste, recycling and circular economy policies.

In structure, ALGA is a federation of state and territory local government associations. This submission should be read in conjunction with any separate submissions received from state and territory associations as well as individual councils.

ALGA appreciates the complexity associated with working on a range of interlocking limitations of the current recycling system as industry, governments and Australians work more circular use of resources. SPSA's engagement with ALGA to date is much appreciated.

Scope of ACCC consultation

The ACCC has been requested to grant authorisation for SPSA to undertake the following:

- *setting and imposing the Levy Contributions (being the Scheme Levy and the Minimum Levy), which may be passed on by a Scheme Participant as part of their price;*
- *developing, setting and imposing membership terms and conditions for Scheme Participants;*
- *agreements between SPSA and the Taskforce or the Australian Food and Grocery Council (AFGC) (as required) to allow SPSA to take over and expand on the instore collection program being run by the Taskforce and the National Plastic Recycling Scheme (NPRS) kerbside collection pilots being run by the AFGC, including transferring arrangements with service providers to SPSA;*
- *the sharing of operational information and data between SPSA and the Taskforce or the AFGC (as required) to facilitate SPSA's operations, including to transfer the arrangements for the Taskforce instore collection program and NPRS kerbside collection pilots to SPSA; and*
- *arranging for and acquiring services including entering into contracts for the collection, sortation, processing and recycling of used soft plastics and any other associated third-party logistics services.*

In assessing these matters, it is important that the ACCC consider the broader context of Australia's capacity to recycle, expectations on councils within this context, and how a voluntary scheme may contribute to greater costs and risks to local governments – even through incremental actions.

Discussion

Local governments wear the risks in waste management

Local governments are critical national partners in resource recovery and management, in enabling their communities' social and economic aspirations and in providing foundational infrastructure and services



which enable regional economies to function. Local governments work hard to protect environments and landscapes, such as by providing information to residents about safe and responsible disposal of resources, addressing litter, investing in recycling infrastructure, supporting their residents to reuse and repair, and in responding where regulation and markets fail.

Local governments are often vulnerable to risks and decisions taken in other parts of the waste management system. These have a deep impact on local government budgets and operations, and ultimately, on the resources they have available to serve their communities.

For example, the [Local Government Association of South Australia](#) (LGASA) conducted market analysis following China's National Sword Policy which restricts the import of recyclable waste with contamination levels exceeding 0.5%. It estimated a \$63 per tonne increase in the charge levied by waste and recycling facilities for accepting and processing waste materials for South Australian councils. As the report discusses, "at an increase of \$63 per tonne, this equates to additional costs of approximately \$8.8 million across the state." This is \$8.8 million that South Australian councils would have otherwise used to deliver value to their community.

Local Government New South Wales (LGNSW) notes that in the Australian Capital Region, councils were faced with a sudden increase in costs following a fire which destroyed a Materials Recovery Facility (MRF) in the ACT. The MRF owner used the 'force majeure' clause which raised the cost for recycling from \$165/tonne to \$300/tonne. This cost is expected to continue until the MRF has been replaced in 2028.

Local governments are also the de facto bearer of risk and costs when it comes to incomplete product stewardship schemes. By way of example, ALGA understands that the National Television and Computer Recycling Scheme does not cover the full cost of recovery. Councils, in seeking to provide equitable access to their communities, have had to fund a significant shortfall.

Urgency of product stewardship

Australian local governments firmly assert that the onus for the creation, reduction and elimination of waste should be borne by industry, not councils. Local governments do not control the design of products nor import of products and materials on market.

The need for product stewardship for a range of priority products and materials is urgent for both environmental outcomes and for councils. With rising waste generation, Australian councils struggle to manage materials due to a lack of end markets for recycled goods. With [some metropolitan landfills](#) nearing capacity, councils face the challenge of creating new landfills with competing demands for different land uses near settlements becoming more complex. Creating circular supply chains and markets is critical to address these pressures.

ALGA acknowledges the potential value of a voluntary approach where it supports systemic investment, capacity uplift, awareness raising and transition within the industry to mandatory obligations and we acknowledge the role that industry stewardship programs play in this respect.

However, a voluntary scheme for perpetuity is unlikely to deliver the outcomes expected by the Australian community and often creates ongoing costs for councils which step in to address gaps or failures for the benefit of their communities.



ALGA maintains that the ultimate end state must be a full and mandatory product stewardship scheme for packaging which is mandated through national legislation.

ALGA has been pleased to see the Commonwealth's recent efforts to reform regulation for packaging. Through consultation by the Department of Climate Change, Energy, Environment and Water (DCCEEW) [ALGA supported a full extended producer responsibility scheme](#) which redistributes recuperated fees to local government for managing residual material.

ALGA considers these reforms to be fundamental as regulations would be equipped to create consistent incentives across the supply chain to design products which are made to be reused and recycled and would spur innovation to create end markets. Without transitioning to a mandatory scheme, we will likely see a repeat of the RedCycle scheme, whereby the limited alternative uses for this low-quality product were exhausted which resulted in stockpiling and collapse.

It is important to note that access to the benefits of product stewardship, particularly voluntary schemes, is highly unequal. Regional, rural and remote communities have smaller economies of scale, and are characterised by vast distances resulting in lack of viable transport solutions. These factors often make investment in these communities significantly lower or unviable. As the Local Government Association of Northern Territory (LGANT) has noted, for communities in the NT in particular, recycling services taken for granted in urban areas are not available. Outside Alice Springs and Greater Darwin, there is no regional MRF in the NT. Furthermore, despite starting in 2015, Big Bag Recovery only recently started consultations with a selection of NT councils in 2025, and many remote and regional areas continue to face challenges with participating in the Container Deposit Scheme.

Mandatory schemes are critical for incentivising investment past the low hanging fruit. Experiences in regional, rural and remote LGAs underscore that access to resource recovery mechanisms and their social, economic and environmental benefits is an important part of socio-economic equality and right to a healthy environment.

The role of kerbside collection of soft plastic packaging

Local governments are enthusiastic to see plastic pollution meaningfully addressed and to contribute to an enduring solution. However, ALGA is concerned about expectations of local government that precede system-wide requisites to make circular packaging viable.

ALGA understands that a very small number of councils participated in NPRS kerbside collection pilots – as is their choice. Indeed, the NPRS trials are not the first; for example, a range of Victorian councils offered flexible plastic kerbside recycling through the Flexible Plastics Recycling Program in 2016, supported by Victorian Government funding. As noted in the application, there are a small number of councils which have ongoing soft plastic recycling services.

ALGA, through state and territory local government associations, maintains an active interest in the experiences and outcomes for these participating councils and their neighbouring local governments. Where efforts are being made by industry and other governments to uplift capacity in the recycling sector and creating new information through trials, it is important that new data and findings be shared to local governments also.



On a sector wide basis, state and territory local government associations and ALGA have been deeply concerned about expectation, perceived and/or real, that councils collect soft plastics in kerbside recycling in the foreseeable future.

The immaturity of Australia's domestic recycling system means that requiring local governments to collect new streams of materials would pose unmitigated risks and costs. Lack of viable end markets, inadequate processing infrastructure, absence of appropriate national regulatory frameworks, and absence of appropriate cost sharing and cost recovery arrangements are some of the key constraints to the viability of mass packaging collection.

Major risks and costs associated with kerbside collection of plastic packaging are detailed below.

Cost of contamination of existing recycling streams

As [discussed by LGNSW](#) in recent consultation by the NSW Government on its waste levy, contamination of existing recycling streams is already a significant challenge posed to councils and recyclers. Contamination occurs when non-recyclable materials or improperly cleaned recyclables are mixed with recyclables, leading to increased processing costs and reduced efficiency for local governments. LGNSW points out that contamination requires a 'multi-pronged approach' including:

- standardisation during product design (hence the need for regulatory reform of packaging to spur industry investment in product innovation at scale),
- behaviour change and building a cultural norm of waste minimisation and recycling, and,
- consistency in messaging about what can be recycled.

Local governments invest consistently to reduce contamination, predominantly through community education and behaviour change programs. [Governments at all levels are engaged in the complex process of harmonising](#) and simplifying messaging to households about what can and cannot be recycled.

Introducing additional messaging in respect to soft plastics without appropriate government oversight can create significant additional challenges and costs to local governments, along with risking the progress that councils have made in years of educating their communities about correct recycling practices.

It is critical that if further trials are to be undertaken under the auspices of the voluntary scheme, that they are done so with appropriate oversight by state, territory and local government entities.

This includes not only those councils voluntarily trialling soft plastic collection, but neighbouring LGAs whose residents could receive conflicting messages. State and territory local government associations should also be engaged to provide advice on minimising risks. Appropriate oversight of kerbside collection trials by local government should be a condition of any future authorisation.

Cost of facilitating residents to bag packaging waste correctly

ALGA understands that prior NPRS trials looked at the efficacy of bagging soft plastics to reduce co-mingling and contamination. While the initial results appear promising, ALGA believes that the full impacts and cost/risk distribution are not yet well understood.



As discussed, councils often fill gaps where schemes, regulation, or markets fail or underperform. For example, ALGA is concerned that the provision of bags for capturing soft plastic could become an ongoing and unmitigated cost to local governments. As modelled by the Central Adelaide Waste and Recycling Authority (CAWRA), the roll out of starter packs alone would cost councils \$13-15 per dwelling. This figure also does not capture handling, transport, and processing costs from the MRF to recyclers; nor MRF upgrades to progress the material which means costs are likely to be higher than modelled. Many councils across Australia have made significant investment in major recycling and waste infrastructure such as MRFs, transfer stations and upgrades.

ALGA is also concerned that following the trial period, councils will be expected to provide these bags to residents without charge. Should they refuse, they would likely then incur contamination costs when residents put soft plastic in the recycling bin unbagged or in the wrong bags.

Councils know that residents have varied appetite and attention to correct recycling; it is for this reason that they invest so significantly in community education. ALGA is wary that findings from NPRS trials may be skewed towards segments of the population which readily engage with recycling rather than a more representative sample of households. As such, the viability of bagging plastic packaging continues to be inconclusive.

ALGA notes that the application states SPSA would reimburse councils for incremental costs incurred during pilots. While this is appreciated, our concern is that costs incurred beyond pilots are unaccounted for in planning to date. It is incumbent on SPSA, therefore, to develop a more comprehensive plan for how full extended producer responsibility would be incorporated into the scheme so local governments can fully recover costs associated with soft plastic recycling.

Recommendations

Recommendation 1: Consideration of potential 'Public Detriments' should include the risks associated with flaws in a voluntary product stewardship scheme which can strain resources for councils and subsequently affect community services. These challenges are particularly significant in regional, rural, and remote areas where the distance to services and markets, limited rate bases, and expansive local government areas complicate the operation of cost-efficient recycling services.

Recommendation 2: The Scheme's governance should devise appropriate formal mechanisms to identify, monitor, and account for impacts on local government. This would apply over short-, medium- and long-term time horizons and involve periodic reporting to its Board, ALGA and policy makers in other levels of government.

Recommendation 3: The Scheme should continuously track all costs to local governments. There must be a strong mechanism for local governments to recover these costs, such as through annual updates to the scheme's levy which would then redistribute to councils.

Recommendation 4: Any new data and findings which emerge from Scheme's activities should be shared with local governments.



Recommendation 5: The Scheme should articulate how the 8-year authorisation will support progress toward a mandatory scheme. It is essential that a robust monitoring and evaluation approach be required of the Scheme to support its stable progress toward a mandatory solution.

Recommendation 6: Collection should be encouraged through existing channels such as supermarket drop off and looking to co-locate drop off with Container Deposit Scheme providers, for example. Any consideration of kerbside collection should only occur after systemic challenges are meaningfully addressed.

Recommendation 7: The Scheme should clearly articulate the oversight mechanisms for local government in designing and implementing kerbside collection trials. Trials must collect information on the short-, medium-, and long-term impacts and outcomes to local governments. This should include the council which has opted-in, along with its neighbours.

Recommendation 8: Findings from kerbside collection trials should be assured independently to ensure transparency and support collaboration.

Thank you for engaging with ALGA and recognising the importance of local governments in this eco-system. Please contact me or Eleanor Robson (Policy Director – Environment) for any further information you may require.

Sincerely,



Amy Crawford
CEO

Further enquiries

Eleanor Robson
Policy Director – Environment, Climate and Waste
eleanor.robson@alga.asn.au