

Our ref: R90/0561-13 Out:35876

30 May 2023

The Hon. Tanya Plibersek MP
Minister for the Environment
Parliament House
Via email: Minister.Plibersek@dcceew.gov.au

Dear Minister

Call for comprehensive mandated Extended Producer Responsibility (EPR) scheme for soft plastics in Australia

I am writing to seek your support and commitment to establish an effective, fully-funded (by industry) Extended Producer Responsibility (EPR) scheme for soft plastics, under the *Recycling and Waste Reduction Act 2020* (Cth).

The recent collapse of REDcycle has brought into sharp focus the urgent need for national leadership and action to hold brand owners and the packaging industry to account. For too long, producers and generators of waste materials have avoided responsibility for end-of-life product management. Councils and communities are often left to deal with the challenges and costs of a growing stream of low value, high complexity materials. This is not sustainable and the social, economic and environmental costs are significant.

Councils accept that there are significant challenges in dealing with soft plastics, which is why strong action needs to be taken now. Soft plastics have high recovery potential but key issues need to be overcome in terms of sorting/processing and end markets.

Plastic use across G20 countries is forecast to be 1.73 times higher in 2050 (451 million tonnes) than in 2019 (261 mt). Even with a range of single use product bans across the country, the consumption of plastic packaging will rise. As such, effective recovery and recycling are essential.

Local government's concerns with the Australian Food and Grocery Council Proposal

The Australian Food and Grocery Council (AFGC) has proposed a National Plastics Recycling Scheme (NPRS), which is seeking to have council-funded kerbside collection as the primary recovery mechanism for soft plastics. The NPRS (as currently outlined) does not constitute an EPR scheme.

Councils also have serious reservations about its effectiveness and its longevity, and reject the AFGC's claim that it has secured broad support from local government and industry. This claim is not accurate. Industry representatives, as well as local government state associations, have expressed a range of concerns about the proposed NPRS, not least that it appears to be product stewardship in name only, with councils expected to cover much of the cost and all the risk.

The AFGC-proposed NPRS does not impose any clear or enforceable obligations on AFGC members or other soft plastics producers. Much like the REDcycle program, involvement with

this scheme would allow AFGC members to tout their environmental credentials without any accountability for the materials collected through the scheme.

Further, the AFGC scheme pushes the cost of the scheme onto councils and does not place any obligation on producers to utilise recycled content or adhere to circular economy design standards. It fails to establish national infrastructure for collection or reprocessing, and does not address the most difficult and challenging part of the system, namely the creation of demand and end markets for the collected material. An articulated explanation of the proposed system and concerns, along with an alternative EPR process is contained at **Annexure A**.

Call to action

Councils across NSW have long called on the Australian Government to introduce an EPR scheme for soft plastics. This position was established through resolution 5 of the 2019 LGNSW Annual Conference and is set out in position 11.1 of the LGNSW Policy Platform.

The Australian Government could achieve this by using its powers under the *Recycling and Waste Reduction Act 2020* (and with the support of state and territory ministers) establishing a mandatory product stewardship scheme for soft plastics that is:

- Fully funded by those importing, producing, and selling the material; the *Product Stewardship for Oil Scheme* could provide a basis for this given it addressed imports and is also in part administered by the Australian Taxation Office;
- Accessible to the community via a comprehensive network of retail and community drop off points and kerbside should this approach be effective;
- Supported by mandatory design standards and national packaging targets, including stronger enforceable targets for recycled content, as well as looking to use the oil scheme to introduce a tax on virgin plastic;
- Supported by mandatory adoption of the Australasian Recycling Label on all consumer packaging; and
- Accompanied by an ongoing consumer education program.

In the absence of all these scheme design elements being in place, it is extremely difficult to see the recycling industry having sufficient certainty of both supply of and demand for recovered materials to invest in the capital needed for reprocessing. The absence of sufficient processing capacity was part of the reason REDcycle collapsed.

There are numerous global examples (especially in the European Union) of funded and effective packaging EPR schemes for Australia to draw upon, including schemes that fund the construction and upgrade of material recovery facilities in order for these facilities to manage problematic consumer waste materials, such as soft plastics.

Importance of design and avoidance

Developing a circular economy for soft plastics is hampered by the material's diversity, complexity, single-use nature, and low market value. Phasing out or redesigning problematic formats is an important part of the solution.

On behalf of NSW councils, I urge you and all state and territory environment ministers to address the system and not continue to fall into the trap of the prior government of simply

focusing on collection systems. There must be an equal or greater focus on waste avoidance and minimisation at the design and production stages, and on end market development.

In the absence of comprehensive action, Australia will continue to see hundreds of thousands of tonnes of plastics landfilled each year, along with growing community dissatisfaction and environmental damage.

For further information on this matter, please have your office contact Susy Cenedese, Strategy Manager Environment on 02 9242 4080 or at susy.cenedese@lgnsw.org.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D Turley', with a stylized flourish at the end.

Cr Darriea Turley AM
President

Annexure A

	AFGC-proposed NPRS	Alternative Proposal
Regulation	None proposed - all voluntary	Regulated, including funding, design standards, obligations for recycled content use (market demand) and tax
Design	Voluntary compliance with CEFLEX design standards and no commitment to use of secondary raw materials or recycled content	Mandatory compliance with CEFLEX “Designing for a Circular Economy” Guidelines (or Australian equivalent) and mandatory minimum Australian recycled content, with virgin tax introduced.
Collection	Kerbside collection. Currently at a trial stage and with considerable concern by some material recovery facility (MRF) operators regarding their ability to process	Retail, and other collection options to be assessed including use of a container deposit scheme network to enable separated at source collection.
Transportation	Part of council collection contract (cost transfer to council)	A separate collection contract servicing agreed drop off locations, funded transparently by the scheme.
Sorting	MRF sorting. Risks of current MRF standards and practices will not allow for pre-sorting	Source separation preferred; MRF design assessment and possible upgrades funded by scheme
Re-Processing	Additional sorting will be required given material will come from co-mingled recycling bin. No proposal for funding mixed polymer sorting to enable use in either mechanical or advanced recycling.	Separated at source and compliance with CEFLEX. Will require a cleaner and more homogenous stream for recovery.
Market	Voluntary market demand, with possible fee differentials to encourage uptake	Driven by positive obligation on producers to utilise material within the scheme, including recycled content mandates, virgin material taxes and regulated eco-modulated fees.
Funding and Fees	A contribution to be made via a possible levy. No details of this levy, or its distribution have been made available; or any proposal as to portion of the recovery and processing chain any fees would cover	Fully funded by those that import or use soft plastics. Drives incentives to use recovered material to reduce costs of the scheme and enable eco-modulation of scheme contribution; reimburses councils (for any possible soft plastics collection), MRF upgrades where appropriate. Eco modulated fees differentiating sustainability of packaging formats
Oversight	AFGC	Independent (Producer Responsibility Organisation – PRO) body, with powers to set and enforce standards as well as regulatory powers