



Australian Competition and Consumer Commission
Level 17, 2 Lonsdale Street
Melbourne Vic 3000

exemptions@accc.gov.au

ResiLoop Limited's response to a submission made by an interested party regarding its application for authorisation to establish and operate a voluntary, industry-led product stewardship scheme to collect and recycle resilient flooring waste (the Scheme).

ResiLoop Limited (ResiLoop) appreciates the opportunity to respond to submissions made by interested parties in the public consultation process regarding the above application for authorisation. ResiLoop notes the support and suggestions for the Scheme's operations made by the parties.

We wish to respond in particular to comments from the Australian Council of Recycling ('ACOR') dated 7 August 2024 about the design and governance of product stewardship schemes in Australia generally, and of ResiLoop's scheme in particular.

ResiLoop notes that the term 'recycler' can be a broad term to include entities engaged in one or more of the following activities: collection of waste, sorting of waste, receipt of waste materials for reprocessing into recyclates, and manufacturing new products or materials from recyclate.

1. Partnering with recyclers

ACOR advocates for product stewardship schemes to be "properly designed in partnership with recyclers".

The ResiLoop scheme clearly identifies recyclers as key partners. During the Scheme design phase, a Stakeholder Reference Group was established with about 40 self-nominating members drawn from across the resilient floorcovering value chain and relevant stakeholders. Membership of the Group was unlimited in number to ensure any interested stakeholder had an opportunity to participate. Four members were from recycling businesses. This Group acted as a consultative forum, providing a sounding-board for the project team in the scheme's design development as well as expert, solution-based advice and feedback in implementation of the 18 month project. All members had the opportunity to provide valuable feedback to the project team and it played a pivotal role in shaping the Scheme's design.

The project team also engaged with representatives of the built environment and C&D waste service providers, including at least one ACOR member, to map current activities in both residential and commercial construction waste practices in relation to the generation and handling of resilient flooring waste. As reported in the project final report (May 2023), it was learnt that common practice is to treat flooring waste as residual waste and send it to thermal treatment or landfill. ResiLoop faces a challenge in addressing flooring waste due to the higher volume and priority placed on other C&D waste streams. Some major C&D waste recyclers expressed interest in investigating recovery opportunities for resilient flooring from their 'residual' waste fraction to support their resource recovery targets and reduce their landfill disposal costs. The preference from those interviewed was a producer responsibility take-back system for collection.

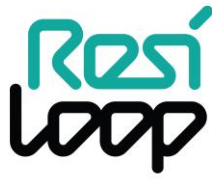
Under the resultant design of the scheme, ResiLoop will be partnering with the floor laying trade directly to recover and sort resilient flooring waste at the point of its generation. In the early stages of the Scheme, it is not intended that third party recyclers are engaged in this part of the process. The intent is to divert these waste materials before they enter the C&D or Commercial & Industrial (C&I) waste streams, because once they become a component of comingled waste, the cost to sort, separate and decontaminate the material becomes prohibitive.

The material will then be delivered by ResiLoop to designated recyclers, that is companies who can process the waste into granules, pellets or powders. Recyclers of resilient flooring are likely to be specialists in the reprocessing of PVC containing materials. To be a viable scheme, it is critical ResiLoop identifies and partners with end manufacturers who can incorporate processed waste materials (recyclate) into new products. These manufacturers may nominate companies to reprocess the material to the specifications they require under a commercial arrangement between those parties, or they may receive and reprocess the materials themselves.

ResiLoop's operational commencement, driven by the commissioning of a new product manufacturing process, is a direct result of the collaboration undertaken to date between the industry and recyclers. The proposed Scheme design document published in May 2023 includes 'Recycling Partners' as potential Members of the scheme.

2. Adequate investment to operate schemes

ACOR is concerned that schemes "broadly under-invest in the critical aspect of high-value recycling processing and demand generation for recycled materials". As outlined in our application, ResiLoop will increase recovery volumes in line with the



development of end markets for the materials. Recyclers will only engage in ResiLoop where there is a commercial benefit for them to do so. ResiLoop's model is based on providing a feedstock (recovered material) for an end manufacturer for free. This approach reduces the cost of recycled feedstock for end manufacturers to make it more attractive to use recycle over virgin materials. The costs of collection, separation, delivery and contamination disposal are met by the Scheme. The model is based on the end-product manufacturer paying the cost of reprocessing in commercial arrangements typical between a reprocessor and manufacturer.

A core objective of ResiLoop is:

"To build onshore recycling capacity by researching and developing new end applications for the recycle, encouraging investment and employment in the recycling sector, and supplying recycle to local manufacturers to reduce virgin material consumption."

As outlined in our application, a significant component of the funds raised through product levies will be directed to research and development (R&D) of potential end markets. Although ResiLoop does not at this stage, expect third party recyclers to recover and sort the materials, nor identify or develop end markets, it does intend to partner with reprocessors through its R&D investment strategy to build capacity and capability in reprocessing the materials in collaboration with end manufacturers and product development. Funding may be made available to recyclers, for example, as capital grants for equipment upgrades in order to support resilient flooring recycling and reduce the investment risk for recyclers.

3. Board inclusion

ACOR advocates that boards or governance structures of product stewardship organisations include representation from the recycling sector. As outlined in our application and supplementary information provided, ResiLoop's board will consist of representatives of its fee-paying members, both Full Members and Associate Members. Recyclers who join ResiLoop as Associate Members are welcome and able to seek a Board position. Under ResiLoop's constitution, independent directors may also be appointed.

Board members are responsible for governing the organisation rather than the everyday running of the entity. As required by law, directors have a duty to act in good faith in furthering the best interests of the organisation to which they are appointed, making decisions for the benefit of ResiLoop rather than their own organisation. All nominees for positions on the Board will be considered based on the match of their skills and experience to ResiLoop's strategic needs.

As described in our application and supplementary information provided, ResiLoop's governance values include diversity of input, transparency and sustainable solutions. In order to implement these, an Advisory Panel will be established with members drawn from a wide variety of stakeholders, including the recycling sector. The Panel will be consulted on key matters arising for the Scheme, to provide diverse expert opinions and insights for the Board to consider.

Through this approach, there is opportunity for one or more people from the recycling sector with relevant skills to play a role in ResiLoop's governance.

4. Adequate levy funding

ACOR recommends that product stewardship schemes conduct a comprehensive assessment of the actual costs of recovery, recycling and manufacturing of their relevant material stream to inform appropriate scheme fees and financing. ResiLoop undertook research, extensive modelling and field trials to gather such data. ACOR acknowledges that ResiLoop's funding model included market coverage, end market demand, collection, transport, R&D and administrative costs but expresses concern it did not include "actual processing" or the cost of recycling resilient flooring in Australia.

As explained in item 2 above, ResiLoop's model is based on addressing the cost of recovery of waste and delivery of the material to manufacturers or their nominated reprocessor. The cost of reprocessing the recovered resources is a commercial arrangement between these two parties.

ResiLoop believes that, in part through the broad consultations implemented in the Scheme design phase, it has put in place a number of measures that address ACOR's key concerns regarding product stewardship schemes in general, and ResiLoop in particular. We welcome further engagement with ACOR directly to improve understanding of ResiLoop's approach and as the Scheme evolves.

Yours sincerely

Sophi MacMillan
CEO

12 August 2024