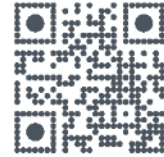




Intelligent Australian Recycling



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Australian Competition and Consumer Commission  
ACCC Ref: AA1000695  
Deputy Chair Mick Keogh

### **Re: Support for Soft Plastic Stewardship Australia's Application for Authorisation**

My name is Danial Gallagher and I'm the CEO of iQRenew – an Australian recycler with expertise in soft plastic processing. I am writing on behalf of iQRenew and in absolute support of the immediate development and management of a national product stewardship scheme for the recycling of post-consumer soft plastic materials. iQRenew is supportive of Soft Plastic Stewardship Australia's (SPSA) Application for authorisation under the Competition and Consumer Act 2010 (Cth).

#### **About iQRenew**

iQRenew is a recycling company focused on transforming how recyclable materials are processed. Through advanced sorting technologies and strategic partnerships, we create more efficient recycling systems. iQRenew is committed to addressing the significant challenge of recycling post-consumer soft plastics in Australia. We have built Australia's first purpose-built plant specifically designed to process post-consumer soft plastic materials and we are currently processing material at scale. Our facility plays a pivotal role in recycling the legacy stock from the REDcycle program and is well-positioned to contribute significantly to future return-to-store and kerbside collection programs. To date, iQRenew has invested over \$17 million in the SPEC facility, establishing the necessary infrastructure to process soft plastics at scale. This investment makes iQRenew a critical component in Australia's soft plastic recycling ecosystem.

#### **Our Position**

We support the SPSA's ACCC Application and recognise the critical necessity of a functional and effective recycling scheme for the long-term viability of the entire soft plastic value chain, including processors and manufacturers.

iQRenew requires SPSA to be granted interim authorization, so we can contract the currently available feedstock to ensure we can continue to process soft plastic material at scale.

Whilst we are supportive, we would like to highlight a few operational considerations:

#### **Importance of an Adequately Funded National Scheme**

iQRenew strongly believes that the scheme needs to be adequately funded and that the current levy structure will not adequately fund the scheme to be successful. Many EPR

schemes predominately cater to brand owners, hence the low membership fees. However, it is imperative to recognise these entities represent only part of a product's lifecycle. The member fees must cover essential costs such as collection, processing gate fees, infrastructure requirements, transportation, the support required for offtake markets and more. In the current levy structure, in Year 1 the scheme starts at \$160 per tonne. As a processing partner with over six years of experience in processing soft plastics, we are concerned that the current fee structure does not accurately reflect the true costs involved. In fact, SPSA's current proposed levy is 90% cheaper than comparable global schemes. Too often, cost reduction is prioritised over quality recycling outcomes. The actual cost of recovery and recycling needs to be assessed and embed. Our initial figures indicate that the national scheme needs to begin with a higher fee structure, starting at approx. \$420 per tonne in Year 1. This would ensure the long-term sustainability of the program, especially in the initial years as more infrastructure is being established.

An example of an adequately funded EPR scheme is the Container Deposit Scheme. In NSW alone, the scheme receives approximately \$240 million per annum, which supports a well-funded and successful initiative. Given the complexity of soft plastic materials, the investment required to support end-market development and the fact this is a national scheme, we believe that the scheme needs to be better funded from the outset, representing the true cost of the entire value chain, not just onboarding members.

#### **Guarantee of high-volume supply of feedstock**

In addition, it is essential that iQRenew, like any at scale processor has a guaranteed, consistent high-volume supply of in feed material to ensure the continued operation facilities. Our SPEC plant is designed to process up to 14,000 tonnes of material per year, and without a minimum guaranteed level of feedstock, we cannot sustain the facility's operations. Furthermore, without sufficient volume, we would be unable to support the growing demand for recycled resin pellets in products and packaging—an effort we are currently subsidising to encourage industry adoption. While we understand the need for a diversified network of processing partners to ensure resilience against disruptions, we emphasise that certainty in feedstock volumes is critical to the operation of our large-scale facility. In fact, the continued growth of Australia's soft plastic recycling infrastructure hinges on guaranteeing sufficient, long-term, high-volume supply and contracts.

#### **Clear targets and metrics**

In our experience of working with EPR schemes, the most successful schemes have clear targets that are clearly defined and measurable, to track progress, evaluate the effectiveness of the scheme, and continually improve over time. To alleviate our concerns about guaranteed feedstock levels, we would encourage SPSA to have very clear targets and metrics focused on 'in feed' volumes to enable guarantee of supply and end market targets, measured in tonnes per annum.

#### **Mandated scheme participation and mandated use of recycled content**

Finally, iQRenew strongly advocates for mandating scheme participation and the use of recycled content in products and packaging. We need government support to encourage the uptake of domestically produced post-consumer recycled products to support the success of the scheme and to meet recycling targets.

iQRenew is supportive of the application and encourages the ACCC to grant SPSA authorisation to roll out the scheme, with the above considerations in mind.

We look forward to the opportunity to collaborate on this important initiative and remain committed to supporting SPSA's efforts in advancing soft plastic recycling in Australia. The time for action is now.

Please do not hesitate to contact me if you have any questions or would like more information.

Sincerely,

**Danial Gallagher**

CEO of iQRenew