Recycling and Jobs Fund – Industry Development

Industry Call for large-scale recycling projects

Guidelines

May 2024



The Department of State Development and Infrastructure connects industries, businesses, communities, and government (at all levels) to leverage regions' strengths to generate sustainable and enduring economic growth that supports well-planned, inclusive and resilient communities.

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1. Introduction

The Recycling and Jobs Fund – Industry Development (RJFID), is an initiative of the Department of State Development and Infrastructure (DSDI), supported by the Queensland Government, to help achieve the resource recovery and waste diversion targets outlined in the <u>Queensland Government's Waste Management and Resource Recovery Strategy</u> (Waste Strategy). The Waste Strategy contains three strategic priorities – reducing the impact of waste on the environment; transitioning to a circular economy for waste; and building economic opportunity.

The RJFID is being delivered under the <u>Queensland Resource Recovery Industries 10-Year Roadmap and Action Plan</u>, a key action under the Waste Strategy. Its objectives are to support the advancement of the industry, create significant uplift in industry capability to recover and recycle resources at scale, and assist with the development of precincts in strategic locations. Funding for the RJFID is drawn from the \$1.1 billion Recycling and Jobs Fund, administered by the Department of Environment, Science and Innovation (DESI).

Recycling and Jobs Fund – Industry Development - Industry Call

Through this Industry Call, the Queensland Government aims to support large-scale reprocessing or recycling projects. Projects should demonstrate clear support for Queensland's transition to a circular economy and result in a material impact on the diversion of end-of-life products and materials from landfill or disposal. Projects should contribute to Queensland's transition to a circular economy by improving the management of end-of-life products and resources, and retaining end-of-life products and resources in the economy at the highest practicable value.

Initially, the Queensland Government is allocating \$45 million to this Industry Call.

This program will support new, improved and/or expanded infrastructure, technology, machinery and/or capital equipment that will result in high-volume reprocessing or recycling of materials. The program will prioritise large-scale, high-recovery projects that will make a material impact towards Queensland's strategic priorities, statewide waste diversion targets and transition to a circular economy.

The **focus areas** for the Industry Call are:

- » Projects that target the mixed Commercial and Industrial (C&I) waste stream and:
 - » act at scale to significantly retain material in the economy, reducing the amount of material for disposal (or going to landfill) or fill an identified gap in the supply chain that will improve resource recovery and retain the value of the product in the economy
 - » will make a significant impact to the recovery of a difficult to recover end-of-life material stream
 - » are scalable so they can be delivered in a variety of locations to significantly reduce the distance and cost of transporting recovered end-of-life material to reprocessing or recycling facilities.
- » Projects that provide solutions for the recovery, reuse, reprocessing or recycling of **renewable energy infrastructure**, **particularly solar panels**.
- » Projects that provide solutions for the recovery, reprocessing or recycling of end-of-life electrical and electronic products (e.g. household appliances) and batteries (excluding used lead acid batteries), including electric vehicle and stationary storage batteries.

Key factors determining the success of a project will be how well the project meets the scheme's objectives reflected in the assessment criteria in Section 6.

Some examples of projects that might be supported include:

- » New infrastructure and expansions, and/or equipment upgrades and modifications, to existing recycling/processing facilities.
- » High-value recovery processing technologies that can recover a significant percentage of materials from the waste product (e.g. 90% from solar panels).
- » Mobile processing plants that can work in a variety of locations and at different scales, with high recovery rates.
- » Increasing end markets for recovered or repurposed waste product or its components.
- » On-shoring processes which have required export of materials that could be processed or refined in Queensland.

3. Assistance Available

This Industry Call will remain open until the funds are fully allocated.

Financial assistance may be provided up to a maximum of 50 percent of the eligible capital expenditure. Financial assistance will only be considered for project capital expenditure deemed eligible by the Department (see section 4.3).

It is anticipated that large-scale, high-volume projects will require significant capital expenditure and government support of up to \$10 million per project is available.

The Department will determine the most appropriate form of assistance on a case-by-case basis. The State reserves the right to provide assistance in a different form or value and/or with alternative conditions to that requested. The Department may consider funding options through other programs and initiatives.

3.1 Organisation eligibility

To be eligible for assistance, your organisation must:

- » be a legal entity and hold an active Australian Business Number (ABN) or Australian Registered Body Number (ARBN).
- » have the financial ability to deliver the project, including having a financial history of three years or more.
- » not have a history of regulatory non-compliance, including development and environmental approvals, *Corporations Act 2001*, competition and consumer legislation and industrial relations legislation; and
- » have no unsatisfied judgments or pending court actions or other proceedings against the organisation, its directors, senior officers, or key personnel.

First Nations companies are encouraged to apply.

Local governments, sole traders, family partnerships, not for profit organisations and Government Owned Corporations are not eligible to apply. Entities with less than 3 years of trading may only apply if there are project partners that can provide 3 years of financial statements and evidence that supports management, technical and financial capability to undertake the proposed project.

3.2 Project eligibility

To be eligible, a project must meet the following criteria:

- » be located in Queensland
- » demonstrate that the project will make a material difference on resource recovery and recycling of the materials outlined in the priority areas of investment (see Section 2)
- » demonstrate that the project will operate at a viable commercial scale
- » demonstrate the market need and supply chain demands/gaps
- » increase the capacity for domestic sorting, processing, recycling, and remanufacturing of materials
- » deliver new or improved recycling infrastructure
- » use only technology and equipment that have successfully demonstrated commercial capability nationally or internationally
- » demonstrate that the project will not proceed without government support
- » demonstrate investment readiness (see below).

Your proposed project must be investment ready which may include the following:

- » a commitment from the board or other senior levels of appropriate management to proceed further with the project/s planning and implementation.
- » identification and evidence of an achievable pathway to finance the proposed project in the short term.

- » if successful with the application, commence the project within 12 months of the execution of a financial assistance agreement with the State (unless otherwise agreed).
- » evidence of a future commercial level of market demand to support the project and demonstration of advanced negotiations with customers such as purchase or offtake agreements as appropriate.
- » any native title and land ownership issues for the project site have been settled.

To maintain flexibility within the fund, a proposal may still be considered if it is outside the scope of these Guidelines but will enhance the Queensland Government's industry development objectives. This will be at the sole discretion of the Queensland Government.

The following projects will not be considered:

- » projects that are at pre-feasibility, feasibility, pre-FEED (Front-end Engineering Design) or FEED stages
- » projects that have already commenced or are planned to commence regardless of financial support from government, for example:
 - your organisation is already contracted to provide the infrastructure or service that is proposed, or to supply the recovered resources that are proposed to be produced by the project
 - funding has been approved and committed to the project regardless of the financial incentive
 - construction has commenced or contracts have been executed for supply / construction of the facility.
- » projects not directly resulting in new infrastructure investment, for example education and behaviour change programs, market development, strategy development, and feasibility studies
- » projects already funded by another grant for the same project costs.

3.3 Eligible project costs

The applicant is encouraged to demonstrate that local suppliers and contractors will be engaged in accordance with the <u>Queensland Charter for Local Content Ongoing Opportunities for Industry</u>. Where significant expenditure outside of Queensland is required and unavoidable (e.g. purchase of specialised equipment not available in Queensland), this should be identified and explained in the application.

Eligible project costs must be auditable and must be capital costs for project specific investments such as for new, upgraded or expanded recycling facilities, large-scale technologies or for the purchase and installation of fixed plant and equipment required to fully commission new infrastructure. Eligible costs can be calculated in the detailed data template included with the application form.

3.4 Ineligible project costs

The following items will not be funded and should be excluded from the estimate of eligible project costs for cofunding:

- » legal costs
- » any expenditure incurred prior to the project commencement date included in a funding agreement
- » development approvals and environmental licence application costs, including any impact assessment studies that may be required
- » compliance with regulation and licence conditions costs
- » civil works outside the direct project site such as road and drainage upgrades
- » site acquisition costs such as purchase or lease costs and any site rehabilitation costs
- » foregone profits or revenues due to the need to undertake modifications or upgrades to existing facilities
- » leased equipment
- » operations and maintenance costs, including working capital
- » legal and financing costs and costs related to making, monitoring, and administering the grant application (including for consultants)
- » existing plant and equipment which may be utilised in the new project
- » costs associated with general business operations such as rent, salaries and wages, leases, and overheads

- » operational project costs such as travel (including for professional consultants), marketing, promotion and advertising, education and information campaigns and internal staff costs
- » contingency allowances (it is considered prudent for these to be included in the total project budget).

4. Application, assessment, and agreement process

» This Industry Call opens in May 2024.

4.1 Expression of Interest

- » The Queensland Government will provide an opportunity for industry applicants to express their interest via an **online form**.
- » The initial Expression of Interest stage will stay open until a sufficient number of eligible and relevant proposals have been submitted.
- » During this initial stage, the department will review the submitted projects' alignment with the objectives of the targeted call and the eligibility criteria as they are submitted. A time will be set up to meet and discuss projects with applicants and provide feedback as to whether it meets requirements.
- » If the project does not satisfy the eligibility criteria, it will not be assessed further and applicants will be notified of the outcome.

4.2 Invitation to submit a detailed application

- » Eligible proposals that align with the objectives of the Industry Call, may be invited to submit additional details on their project via a **detailed application form**.
- » These Guidelines outline the requirements and assessment criteria invited applicants are required to refer to when completing their detailed application. Further information may be provided to the applicant if required.
- » The time for applicants to submit their detailed application forms will be negotiated on a case-by-case basis with **up to 12 weeks** available. Applicants will be able to submit their application at any time during this period.

The detailed application requires comprehensive information, including but not limited to:

- » the last three years of financial statements including profit and loss, balance sheet and statement of cash flows including notes to the accounts. These should be either accountant prepared, audited, and certified (preferred), or accountant prepared and signed.
- » forecast projections of project employment, wages, capital, and operational expenditure.
- » financial modelling and budgeting to demonstrate commercial viability.
- » a project plan and risk register which clearly demonstrates project feasibility and delivery.
- » all regulatory requirements including land tenure, planning and environmental issues have been identified and resolution strategies are in place to the satisfaction of the State.
- » suitable project management arrangements are in place for the construction and operations phases of the project.
- » evidence of the business structure including governance arrangements for the project.
- » identification of all sources of funding for the proposed project.
- » competitor analysis.
- » supply, supplier, and value chain analysis including demonstrating an ability to secure sufficient feedstock and offtake arrangements for the project to be successful.
- » information to demonstrate the sustainability of the project in Queensland beyond the term of the financial assistance.

The detailed application must include a signed declaration from an authorised representative of the applicant. The applicant will be sent an acknowledgement of receipt of their application and a copy of the submitted application by email.

4.3 Assessment of detailed application

- » The Department will review and assess applications for alignment against the priority areas for investment and the assessment criteria as they are submitted to determine projects for progression to next stage.
- » The Department will coordinate probity checks, due diligence, risk assessment and an economic and / or technical assessment.
- » The Department may engage consultants or specialist advisors to assist with the assessment of applications against the eligibility and assessment criteria including for probity checks and technical assessments.
- » The Department may seek further information from the applicant in relation to any matter arising from the assessment of the application.
- » The Department will prepare a case for consideration by a cross agency panel. The panel will consider the project against the assessment criteria and program objectives, making recommendations to the approving delegates. The amount, type of assistance sought and whether the project should be supported will be considered.
- » The panel may determine to recommend a different form or amount of assistance for a project or that assistance be provided on additional or alternative terms and conditions. The panel may also determine to recommend that no financial assistance be provided. The panel may also consider that further facilitation work may be required before a decision can be made.
- » The Department will notify the applicant in writing of the outcome of their application once the Department has completed the assessment process.
- » There is no guarantee of approval at any stage of the process.

4.4 Agreement

All successful applicants will be required to enter into a financial assistance agreement with the State, which sets out the terms and obligations upon which assistance will be provided including the payment of financial assistance in arrears on achievement of agreed performance requirements, including for a number of operational years of the project.

Performance requirement examples include:

- » a minimum capital and/or project expenditure amount within a specific timeframe, to be verified by the State.
- » specification of expenditure in the Queensland supply chain, to be verified by the State.
- » production targets related to your project, to be verified by the State.
- » where financial assistance greater than \$2.5 million is being granted, the Queensland Charter for Local Content will apply.
- » reporting requirements for key performance requirements and benefits as conditional payments of assistance.

For the majority of projects, performance security (usually in the form of a bank guarantee, general security interest and/or other registered security) will be required to secure achievement of performance requirements, and where relevant, repayment of assistance amounts. The provision of this security should be considered in the funding arrangements for your project.

The State is not obligated to provide any assistance unless and until a financial assistance agreement is signed by all parties. The Department reserves the right to undertake an audit of the project to monitor progress and/or appoint an independent advisor to undertake an audit of projects.

Assessment criteria

The following criteria will be used to assess applications made under the Guidelines for the Industry Call to ensure the Applicant and project continue to meet the objectives of the Industry Call, public benefit and delivers against the Queensland Government's Waste Management and Resource Recovery Strategy and the Queensland Resource Recovery Industries 10-Year Roadmap and Action Plan.

Table 1.2 Assessment criteria

Criteria no. Assessment criteria

1 Alignment of the project with the objectives and intended outcomes of the Industry Call The applicant can demonstrate:

- by the end-of-life products targeted by the project and how this project will address challenges in reprocessing or recycling applications
- » the increase in Queensland's recovery, reprocessing or recycling rates of the targeted end-of-life product that will be delivered by the project
- » volume of material that will be diverted from landfill or disposal
- » how the project will achieve the objectives and intended outcomes of the Industry Call
- » the nature, extent and timeliness of anticipated outcomes and the benefits of the project
- » why the Queensland Government should invest in the project, including how the project represents value for money.

2 Benefits to Queensland's circular economy, or contribution to managing the projects waste product where circularity is not an option:

The applicant can demonstrate:

- » ongoing access to feedstock at volumes and quality required, and end markets that retain resources in the economy
- » an uplift in Queensland employment outcomes, including jobs created, First Nations opportunities, and a more highly skilled workforce as a result of undertaking the project
- » the extent to which infrastructure funded through the program is designed and delivered to reduce environmental impact, such as through minimised carbon emissions, the use of recycled materials, and sound waste management practices
- » how the project will create and retain other benefits for Queensland, e.g. intellectual property
- » the extent to which the feedstock for the project will be sourced from regional and remote locations, or from other states and territories if providing a national solution in Queensland
- » if applicable, how the project will develop and contribute to ongoing and sustained collaborations to build a circular economy for the prioritised waste product.

3 Capacity, capability, and resources to deliver the project:

The applicant can demonstrate:

- » the plan to manage and deliver the project
- » the access, or future access, to the required finance and investment to fund the applicant's share of eligible project costs
- » the applicant's track record and experience of managing projects of a similar nature or scale
- » access, or plan to ensure future access, to any required infrastructure, equipment, technology, commercial agreements, intellectual property
- » risks identified and proposed mitigation strategies
- where the application relates to a consortium, the arrangements to ensure each consortium member delivers on its commitments throughout the life of the project.

6. Glossary

Applicant	An entity applying to the State for funding for a project under the Industry Call.
Detailed Application	An application (or relevant part of an application) made to the State for funding from the Program and includes an application form and any other supporting or additional information in whatever form provided by the Applicant in connection with its enquiry or application to the Program.
Capital expenditure	The cost of acquiring certain fixed assets such as plant and equipment (unless otherwise negotiated) or construction of buildings or capital upgrades to an existing production facility.
Department	The Queensland Department of State Development and Infrastructure.
Expression of Interest (EOI)	The provision of information, through the form available on the website, to allow the assessment of the eligibility of the project against the eligibility criteria and the assessment alignment of the project against the program objectives. This information is used to trigger the participation process, facilitate further discussion with the applicant, and where appropriate, allow for the detailed application process to begin.
Guidelines	These Industry Call Guidelines, as amended from time to time
Project	Includes the entire scope of works identified in the Application.
State	The State of Queensland

7. Communications

7.1 Media

All media enquiries or public announcements relating to the Industry Call will be coordinated and managed by the Department's media team. Where possible, all media and communications about projects will be undertaken jointly with successful applicants. You will be required to:

- » seek and obtain the Department's approval before making public statements, or contacting or responding to the media, regarding successful or unsuccessful applications through the Industry Call.
- » provide the Department with at least 25 business days' notice of any proposed media event
- » provide any proposed media or public statement to the Department for approval prior to its release as well as making any changes or amendments to the form, content or manner reasonably requested by the Department.

7.2 Confidentiality

The Department will maintain controls in relation to the management of confidential information provided by applicants and all internal documentation produced in relation to the administration of this Industry Call.

Applicants must keep confidential any dealings with the Department about their application, including any financial assistance offered, but may make disclosures to advisors who are under an obligation of confidence or if required by law.

The State reserves the right to publicly disclose the names of applying entities, general information about projects and the assistance provided and details about the anticipated economic outcomes and benefits to the State. The State may also disclose confidential information of, or provided by, the applicant:

- » if required to be disclosed by law
- » to its advisors, consultants and contractors
- » to any government agency.

8. Advice and support

If you have any concerns in relation to the application or assessment process, you may raise this concern by email to rridp@dsdilgp.qld.gov.au and this will be considered.

The Department welcomes feedback on the Program. Further information about providing feedback, compliments or complaints to the Department can be found at https://www.statedevelopment.qld.gov.au/about-us/contact-us/feedback-compliments-and-complaints.

For enquiries or assistance about these Guidelines, please contact the Department of State Development and Infrastructure.

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