

# Recycling Modernisation Fund Plastics Technology stream

## FEDERATION FUNDING AGREEMENT – ENVIRONMENT

**Table 1: Formalities and operation of schedule**

Parties	Commonwealth New South Wales
Duration	This Schedule is expected to expire on 30 June 2027 or on completion of final performance reporting and processing of final payments against milestones.
Purpose	<p>This Schedule will support the delivery of two projects funded under the Recycling Modernisation Fund Plastics Technology stream that will:</p> <ul style="list-style-type: none"> <li>• Significantly increase Australia’s recycling and recovery rates of hard-to-recycle plastics</li> <li>• Support a safe circular economy for plastics in Australia to transform waste plastic into valuable new products, such as food-grade plastic packaging</li> <li>• Build domestic and international confidence to invest in recycling infrastructure in Australia</li> <li>• Support long-term job creation and a more highly skilled workforce in the Australian recycling industry</li> <li>• Protect our environment through reduced plastic pollution.</li> </ul>

Estimated financial contributions	<p>The Commonwealth will provide a maximum estimated total financial contribution of \$6,353,705 to New South Wales in respect of this Schedule. All payments are GST exclusive.</p> <p>The estimated financial contribution to be provided by the Commonwealth is outlined in Table 1.</p> <table><tr><th>Table 1 (\$ million)</th><th>2024-25</th><th>2025-26</th><th>2026-27</th><th>Total</th></tr><tr><td>Estimated total budget</td><td>2.706</td><td>2.177</td><td>2.471</td><td>7.354</td></tr><tr><td>Less estimated National Partnership Payments</td><td>2.356</td><td>1.827</td><td>2.171</td><td>6.354</td></tr><tr><td>Balance of non-Commonwealth contributions</td><td>0.350</td><td>0.350</td><td>0.300</td><td>1.00</td></tr></table> <p>Note: Table 1 includes contributions from the Commonwealth (\$6.354 million) and New South Wales (\$1.000 million) but does not include contributions from the Project Proponent.</p>	Table 1 (\$ million)	2024-25	2025-26	2026-27	Total	Estimated total budget	2.706	2.177	2.471	7.354	Less estimated National Partnership Payments	2.356	1.827	2.171	6.354	Balance of non-Commonwealth contributions	0.350	0.350	0.300	1.00
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Additional terms	<p><b>Financial contributions</b></p> <ol style="list-style-type: none"><li>1. New South Wales is responsible for provision of funds to Project Proponents and reporting on the implementation of the projects listed in Table 2.</li><li>2. The Commonwealth will contribute \$6,353,705 in total for the costs of both projects listed in Table 2 (subject to a maximum contribution for each project noted in Table 2). New South Wales will contribute \$1,000,000 in total towards the cost of both projects, with the Project Proponents contributing at least 50% of the total cost for each project. New South Wales will be responsible for ensuring the Project Proponent contributions are provided for each project.</li></ol> <p><b>Payments</b></p> <ol style="list-style-type: none"><li>3. If the maximum Commonwealth payment shown in Table 3 is not made in a given financial year the Commonwealth may move funds into later years at its discretion. The Commonwealth makes no guarantee that unspent funding (if any) will be carried into later years. A discussion between the parties at officials level will occur prior to any decision being made on unspent funding.</li></ol>																				

### **Reporting**

4. New South Wales will provide project data updates, as requested by the Commonwealth (but no more frequently than on a quarterly basis), including any updates to data from the initial data capture or previous quarter and progress against milestones in the funding agreements between New South Wales and the Project Proponents.
5. New South Wales is responsible for providing advice as soon as it becomes aware a project is unlikely to progress, or if there are issues likely to impact its on-time completion.
6. Once a project is complete, New South Wales will provide the following data on that project to the Commonwealth as soon as practicable:
  - i) the volume and type of additional plastic waste the project will process each year
  - ii) the volume and type of additional plastic waste being processed following the project commissioning
  - iii) the feedstock for the project inputs
  - iv) the end-markets for the project offtake
  - v) the number of ongoing FTE jobs created by the project
  - vi) the environmental, social and economic benefits of the project

### **Traceability**

7. New South Wales will ask that Project Proponents register to use the National Framework for Recycled Content Traceability with the Department of Climate Change, Energy, the Environment and Water.



**Table 2: Project summaries**

	Project title and description	Project proponent	Expected project completion date	Commonwealth funding	NSW funding
2a.	<p><b>Establish an advanced Mechanical Recycling facility processing mixed post-consumer soft plastics.</b></p> <p>Establishment of an advanced mechanical recycling facility in NSW, processing 4,400 tonnes per annum of mixed post-consumer soft plastics and reclaim 600 tonnes per annum of oils to produce:</p> <ol style="list-style-type: none"> <li>1. TonerPlas, an engineered asphalt additive</li> <li>2. rFlex, an injection moulding grade pellet to produce high-quality products, including bins, shipping pallets, crates, tubs, sound walls.</li> </ol>	Close the Loop Operations	30 June 2027	\$1,853,705	\$500,000
2b.	<p><b>Manufacturing composite sleepers for tomorrow's infrastructure by recycling and transforming today's plastic waste.</b></p> <p>Sicut Enterprises proposes to build a composite railway sleeper manufacturing facility in NSW that would take up to 8,000 tonnes per annum of plastic waste to make composite railway sleepers that will be sold to Australian railroads and used to maintain Australian rail infrastructure in a circular and sustainable way.</p>	Sicut Australia	28 February 2027	\$4,500,000	\$500,000

**Table 3: Performance requirements, reporting and payment summary**

Output	Performance milestones	Report due date	Payment
Delivery of project 2a listed in Table 2	<p>Milestone 1</p> <p>Commonwealth acceptance of an Implementation Plan that includes at a minimum:</p> <ul style="list-style-type: none"> <li>• an outline of the phases of the Project including planning, licensing, preconstruction, construction and deposits, shipping and commissioning of equipment</li> <li>• a timeline that outlines timing for the phases of the Project</li> <li>• expected outcome of the Project</li> <li>• Project budget</li> <li>• risk plan.</li> </ul>	11 December 2024	\$556,112
	<p>Milestone 2</p> <p>Project data updates provided to the Commonwealth for the most recent data request as outlined in Additional Term 4.</p> <p>Satisfactory progress against the Implementation Plan as demonstrated in an Interim Project Report to the satisfaction of the Commonwealth containing progress against the Phases outlined in the Implementation Plan, including:</p> <ul style="list-style-type: none"> <li>• project design and detailed costing</li> <li>• ordering equipment</li> <li>• planning.</li> </ul> <p>Evidence of the payments made to the Project Proponent consistent with this agreement.</p>	31 July 2025	\$370,741

	<p>Milestone 3</p> <p>Project data updates provided to the Commonwealth for the most recent data request as outlined in Additional Term 4.</p> <p>Satisfactory progress against the Implementation Plan as demonstrated in an Interim Project Report to the satisfaction of the Commonwealth containing progress against the Phases outlined in the Implementation Plan, including:</p> <ul style="list-style-type: none"> <li>• construction and installation</li> <li>• facility commissioned</li> <li>• report on operational outcomes.</li> </ul> <p>Evidence of the payments made to the Project Proponent consistent with this agreement.</p>	15 May 2026	\$556,111
	<p>Milestone 4</p> <p>Project data updates provided to the Commonwealth for the most recent data request as outlined in Additional Term 4.</p> <p>Final report on actions agreed in the Implementation Plan, including equipment in operation for at minimum 1 month.</p> <p>Evidence of the payments made to the Project Proponent consistent with this agreement.</p>	15 May 2027	\$370,741
Delivery of project 2b listed in Table 2	<p>Milestone 1</p> <p>Commonwealth acceptance of an Implementation Plan that includes, at a minimum:</p> <ul style="list-style-type: none"> <li>• an outline of the phases of the Project including planning, licensing, preconstruction, construction and deposits, shipping and commissioning of equipment</li> <li>• a timeline that outlines timing for the phases of the Project</li> <li>• expected outcome of the Project</li> </ul>	11 December 2024	\$900,000



	<ul style="list-style-type: none"> <li>• Project budget</li> <li>• Risk plan.</li> </ul>		
	<p>Milestone 2</p> <p>Project data updates provided to the Commonwealth for the most recent data request as outlined in Additional Term 4.</p> <p>Satisfactory progress against the Implementation Plan as demonstrated in an Interim Project Report to the satisfaction of the Commonwealth containing progress against the Phases outlined in the Implementation Plan, including:</p> <ul style="list-style-type: none"> <li>• project planning and detailed costing</li> <li>• planning</li> </ul> <p>Evidence of the payments made to the Project Proponent consistent with this agreement.</p>	31 March 2025	\$900,000
	<p>Milestone 3</p> <p>Project data updates provided to the Commonwealth for the most recent data request as outlined in Additional Term 4.</p> <p>Satisfactory progress against the Implementation Plan as demonstrated in an Interim Project Report to the satisfaction of the Commonwealth containing progress against the Phases outlined in the Implementation Plan, including:</p> <ul style="list-style-type: none"> <li>• procurement for equipment and construction.</li> </ul> <p>Evidence of the payments made to the Project Proponent consistent with this agreement.</p>	31 July 2025	\$900,000
	<p>Milestone 4</p> <p>Project data updates provided to the Commonwealth for the most recent data request as outlined in Additional Term 4.</p> <p>Satisfactory progress against the Implementation Plan as demonstrated in an Interim Project Report to the satisfaction of the Commonwealth containing progress against the Phases outlined in the Implementation Plan, including:</p>	31 October 2026	\$900,000

	<ul style="list-style-type: none"> <li>• installation</li> <li>• facility commissioned</li> <li>• report on operational outcomes.</li> </ul> <p>Evidence of the payments made to the Project Proponent consistent with this agreement.</p>		
	<p>Milestone 5</p> <p>Project data updates provided to the Commonwealth for the most recent data request as outlined in Additional Term 4.</p> <p>Final report on actions agreed in the Implementation Plan, including equipment in operation for at minimum 1 month.</p> <p>Evidence of the payments made to the Project Proponent consistent with this agreement.</p>	28 February 2027	\$900,000



The Parties have confirmed their commitment to this schedule as follows:

**Signed** for and on behalf of the Commonwealth  
of Australia by

A handwritten signature in blue ink, appearing to read 'Tanya Plibersek'.

**The Honourable Tanya Plibersek MP**  
Minister for the Environment and Water

12 December 2024

**Signed** for and on behalf of the  
State of New South Wales by

A handwritten signature in blue ink, appearing to read 'Penny Sharpe'.

**The Honourable Penny Sharpe MLC**  
Minister for the Environment

[Day] [Month] [Year]

18/2/25

