TRANSPACIFIC
INDUSTRIES GROUP LTD

Transpacific Industries Pty Ltd
ABN: 40 010 745 383

First Floor, 159 Coronation Drive
Milton Qld 4064
PO Box 1824
Milton Qld 4064

Phone: + 61 7 3367 7303
Fax: + 61 7 3367 7899

6th July, 2009

Secretary Legislation Committee
PO Box 6100
Parliament House

Canberra, ACT, 2600

Attention: Dr Ian Holland

Dear Dr Holland,

Re: Inquiry into the Environment Protection (Beverage Container Deposit and Recovery Scheme) Bill 2009

Transpacific Industries Group submits that such a Bill is unnecessary for the following reasons: -

1. Kerbside recycling has excellent coverage in Australia. Imposing a deposit on containers will result in households not putting such containers in their kerbside recycling bins. The cost of kerbside recyclable collection and processing will stay the same; however, the economics will be undermined by removing potentially high value commodities. Depending on the nature of the contracts between Councils and their kerbside recyclables collector/processor, one or both parties will be significantly impacted financially; such new legislation would lead to commercial disputes on who will bear the cost. Kerbside recycling performs very well (and its coverage is continually expanding) and there is simply no problem that needs to be solved with containers from households.
2. Diverting containers from kerbside collections will require duplication of collection systems which will: -
    a. Add to overall costs of recovery of recyclable commodities which the community will have to bear; and
    b. Add to greenhouse gas emissions through duplication of collection systems.
3. Apart from containers consumed at home, the main sources of consumption of containers 'away from home' are in: -
    a. Workplaces
    b. Public places
    c. Pubs and clubs
4. Transpacific Industries Group is a signatory to the National Packaging Covenant (NPC). It is acknowledged that recycling rates can be improved in the 'away from home' sector (but for all recyclables and not just for containers). As such, we are aware that the NPC has strategies and approved/funded projects which will tackle diversion of containers (and other recyclables) from all 'away from home' segments outlined in 3 above. The NPC is a unique supply chain government/industry partnership and we submit that its clear actions should be given time to deliver. We have, with NPC support, offered a complete recycling service to the commercial and industrial sector (including small to medium size enterprises) and we are aware that other waste and recycling companies are doing same. Introducing container deposits without considering the economics of servicing all recycling needs from business may impact on the roll out of more complete recycling services which address the large tonnes from 'bulk packaging' as well as from containers.
5. Container deposit focuses on one solution for one aspect of packaging recycling and will hence: -
    a. Not provide big improvements in overall recycling rates; and
    b. Will have a perverse impact on recycling rates of non container recycling initiatives.

6. Recyclable commodity prices dropped initially by around 70% in October 2008 as a result of the Global Financial Crisis. They now sit at (on average) just over 50% of pre October 2008 prices. This has severely impacted the financial viability of both ‘kerbside’ and ‘away from home’ recycling schemes. This is not the time to be considering introducing systems like container deposit schemes which will further undermine the economics of existing recycling systems that cannot be replaced by a container deposit scheme; this could lead to the failure of any/all existing methods of recyclable collection. We respectively submit that the best gains for recycling can be achieved by the Committee commencing an inquiry in to options for improving the economics of current recycling systems. With recyclable commodity prices where they currently are, it is often less expensive to landfill commodities (rather than recycle) and mine new virgin resources. This is the issue that must be addressed to drive much higher recovery rates in all recyclables and not just containers.

Yours sincerely,

Mark Williamson
Australian Recycling Manager

About Warburg Pincus

WP X Holdings B.V. is an affiliate of Warburg Pincus. Warburg Pincus is a leading global private equity firm with more than US$25 billion in assets under management. Its active portfolio of more than 100 companies is highly diversified by stage, sector and geography. Warburg Pincus is a growth investor and experienced partner to management teams seeking to build durable companies with sustainable value. Examples of major investments include Bausch & Lomb, Bharti Tele-Ventures, Eurand, Intime Department Stores, Kosmos Energy, Premier Foods, Safety Kleen, Targa Resources and Titan Petrochemicals. Founded in 1966, Warburg Pincus has raised 12 private equity funds which have invested more than US$29 billion in approximately 600 companies in 30 countries. The firm has offices in Beijing, Frankfurt, Hong Kong, London, Mumbai, New York, San Francisco, Shanghai and Tokyo. For more information, please visit www.warburgpincus.com.

About Transpacific Industries Group (ASX: TPI)

Transpacific's goal is to protect the environment by providing a complete waste management service through waste recovery, recycling and re-use, whilst maintaining a strong commitment to safety and reliability.

Transpacific is the leading Australasian provider of integrated total waste management solutions with operations in both solid and liquid waste management. The company also provides integrated industrial cleaning services, has a growing energy business comprising the refining of used oil into fuel and an established heavy-duty commercial vehicles business.