

**Council Agenda - Agenda Item 8.2**  
**Attachment 9 - Representation**  
**8 Cavalry Road Mowbray**

**Maria Chledowska**

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**From:** Jim Fairweather  
**Sent:** Monday, 19 February 2018 5:20 PM  
**To:** Contact Us  
**Subject:** DA0370/2017

**Importance:** High

To Whom it May Concern,

I have only just become aware of the pending development application no. DA0370/2017 submitted by Phoenix Rubber.

As the Chief Executive Officer of Tyrecycle, Australia's largest and oldest collector and recycler and tyres, I have a range of concerns with the validity of many of the statements in the aforementioned DA. Tyrecycle also has an existing tyre collection and recycling operation which now collects more than 90% of Tasmania's waste tyres.

These concerns, include but are not limited to:

- (a) Poor fire management and mitigation systems on-site;
- (b) The applicant's track record of simply stockpiling large volumes of tyres with no processing capability every being built (e.g. Mowbray and Longford – which now constitutes Australia's largest stockpile of waste tyres);
- (c) Lack of developed end markets for the volume of tyres generated in Tasmania;
- (d) Misguided information regarding potential products markets (such that Tasmanian crumbed rubber or coloured granules products would ever compete with product on the mainland shows a complete and utter lack of any even basic understanding of the markets being referred to);
- (e) Lack of plausibility of the commercial model in the submission;
- (f) Falsification of Tyre Recycle Tasmania's current collection volumes;
- (g) A statement that asks for collection services to resume prior to building the processing plant – may I suggest that the Longford stockpile of circa 12,500 tonnes plus the Mowbray stockpile of a further 1,500 tonnes provides for approximately 2 years feedstock based on the volumes in the applicant's own submission.

I believe many of my concerns are very real and given my previous experience dealing with the State Government in assisting with the development of new tyre regulations, running Australia's largest rubber crumbing business with well-developed markets, maintaining a positive working relationship with the Tasmanian EPA and the Northern Midlands Council, I feel these concerns are more than relevant to the assessment of this DA.

Unfortunately, I have only just been made aware of the submission in question and respectfully request a time extension of 48 hours so that I may adequately respond.

I am available for discussion at your convenience.

Regards,

Jim Fairweather.

**Jim Fairweather**

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**Confidentiality**

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21 February 2018

Richard Jamieson  
Manager Planning Services  
City of Launceston  
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LAUNCESTON TAS 7250  
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Dear Mr Richard Jamieson,

RE: DA0370/2017 - 8 Cavalry Road, Mowbray

Tyrecycle is Australia's largest collector and recycler of end-of-life tyres, operating facilities across the country and delivering regional and metropolitan services across all states and territories. The market for end-of-life tyres is one of the most challenging in the waste and recycling industry, being impacted by both current and historical market failures.

Through our partnership with Barwick's, Tyrecycle collects and recycles a significant portion of all end-of-life tyres (ELTs) generated in Tasmania. We have the largest collection and processing network in the country and have established markets for tyre-derived products locally and internationally.

However, we know from experience that many new and existing tyre recycling ventures significantly underestimate the costs and compliance requirements associated with best practice tyre recycling, and equally overestimate the potential to generate revenue from the sale of end products.

The current development application (DA) referenced above contains a number of significant flaws in logic, market knowledge and risk management that may expose the City of Launceston to increased fire risk and illegitimate tyre stockpiling. The individuals and companies involved in the proposed development have knowingly and deliberately collected and stockpiled more than 1.5 million ELTs at their two sites in Longford and Mowbray, constituting the largest tyre stockpile in Australia.

The following submission details our concerns about the proposed development in the hope that the City of Launceston can avoid yet further tyre stockpiling risks.

## SUBMISSION TO THE CITY OF LAUNCESTON DA0370/2017 - 8 CAVALRY ROAD, MOWBRAY

The following submission highlights (in brief) our principle concerns about the proposed development, which are in summary:

- Poor fire management and mitigation systems on-site
- The applicant's track record of simply stockpiling large volumes of tyres with no processing capability ever being built (e.g. Mowbray and Longford – which now constitutes Australia's largest stockpile of waste tyres);
- Lack of developed end markets for the volume of tyres generated in Tasmania;
- Ill-informed viewpoint regarding potential products markets both within Tasmania and on the mainland;
- Lack of plausibility of the commercial model in the submission, which relies on gate fees from new tyres collected to offset the cost of processing tyres already stockpiled by the proponent;
- Falsification of Tyre Recycle Tasmania's current collection volumes, which appear grossly overestimated considering the total size of the market and Tyrecycle's existing market share (estimated at over 90%);
- The intention to resume tyre collection services prior to building the processing plant, with the current stockpiled material constituting 2 years of feedstock suggesting additional collections should not be required until after this time.

We point to specific issues within the following sections.

### BACKGROUND TO TYRE RECYCLING IN TASMANIA

The latest industry data suggests that some 4,000 tonnes of ELTs are available for collection and recycling in Tasmania. In recent years, much of this has been collected by Tyre Recycle Tasmania (TRT), a tyre collector based in Longford. However, rather than recycling ELTs collected, TRT has been stockpiling them at a rural site at 437 Woolmers Lane, Longford, citing a lack of available processing options and not enough revenue to fund recycling as being the major barriers.

This practice is contrary to every other state in Australia (perhaps with the exception of Northern Territory where ELTs are still landfilled en masse) which has imposed strict guidelines to curb tyre stockpiling as a result of large tyre fires in recent years.

Since 2016, Northern Midlands Council (NMC) has been actively engaging with TRT to cease stockpiling at the site and commence remediation works to process and remove the tyres. After a protracted planning process, NMC enforced the pre-existing DA on the Longford site. Accordingly, TRT was ordered to cease storing tyres at the site



from December 2016 and to take steps to commence processing, with a deadline of December 2020 being imposed on the clean-up of the major stockpile areas.

#### PROPONENT'S TRACK RECORD

Of relevance to this DA is the proponent's track record in the tyre collection and recycling sector. Whilst the proponent has a different ABN and business name, it is in essence the same company as TRT, with both Phoenix Rubber and TRT being subsidiaries of TD & SE Chugg Pty Ltd.

This is the entity that is responsible for the stockpiling of more than 1.5 million tyres at the property on Woolmers Lane, Longford (see Figure 1 and Figure 2). For many years, the Chugg family has collected ELTs from tyre retailers across Tasmania, receiving a fee of around \$2 per tyre. Rather than using this fee for recycling, or setting a gate fee that was high enough to cover the cost of recycling, TRT has simply stockpiled the tyres, making no effort to process the material into new products. Since being instructed, via interventions by Northern Midlands Council, to cease stockpiling at the Longford site, TRT has maintained it is an innocent party that has simply been providing a public benefit service by collecting the tyres.

Figure 1 – TRTs Longford Stockpile<sup>1</sup>



<sup>1</sup> ABC News. Giant tyre dump set to deflate. <http://www.abc.net.au/news/2016-08-04/giant-tyre-dump-set-to-deflate/7685604>

Figure 2 – Aerial imagery of part of the Longford tyre stockpile<sup>2</sup>



City of Launceston should note that there have been at least two tyre fires at the Longford site in recent years, which should in itself speak to the risks associated with the DA application.

As with all waste materials, those parties contracted to collect and receive the material are so contracted to ensure the appropriate recycling and/or disposal of the waste. The liability for this stockpile therefore lies entirely with TRT and not the community.

Our concern here is that the business model suggested in the DA essentially uses new revenue generated from the collection and processing of tyres to offset the processing of the tyres from the existing Longford stockpile. The economics of this arrangement are entirely flawed. The gate fee from the stockpiled tyres has already been taken and used, essentially meaning these tyres have negative value (i.e. they are a liability not an asset). We would ask Launceston Council to query TRT as to how they will be able to generate enough revenue from new gate fees and the sale of rubber products to offset the cost of processing stockpiled tyres. This is especially apparent when you consider they have no existing contracts for sale of tyre-derived products either in Tasmania or on the mainland.

#### PROPOSED DEVELOPMENT

We note that the proposed development entails a tyre recycling facility, capable of shredding and crumbing tyres to create saleable products (often referred to as tyre-derived products). In addition, the proponent is seeking approval to store up to 1,500

<sup>2</sup> Google Images. Accessed 20 February 2018.



tonnes of ELTs to provide feedstock for the facility. Storage of ELTs has temporarily been approved by the City via DA604/2016. Tyrecycle notes the following concerns with regard to the development:

#### 1.1.1 Industry Standards

We note the proponent's claims to meeting the required standard for crumb rubber for use in road construction. The market for road surfacing is extremely competitive, with crumb rubber competing against other polymer-modified binders manufactured by multinational corporations. As we note in more detail below, it is unlikely that the proponents will be able to manufacture the quality of product required for road surfacing, nor capture market share on the mainland. We note that currently there are no road construction companies using crumb rubber in Tasmania.

#### 1.1.2 Storage and Reuse of Waste Tyres

As noted below, the proponent has a poor record associated with the illegitimate storage of ELTs, that is tyres stored with no intention of recycling them. The volume of tyres the proponent seeks to store – 1,500 tonnes – equates to more than 150,000 passenger tyres. This far exceeds the allowable limits for stockpiling in many jurisdictions; e.g. Tyrecycle processes almost 40,000 tonnes per annum at our Sydney plant with a stockpile allowance at any one time of only 650 tonnes! To put 1,500 tonnes in perspective, it is roughly the quantity of ELTs that burnt in the fire at Broadmeadows, Victoria in January 2016, which led to the evacuation of residents and sent toxic smoke across Melbourne for three days<sup>3</sup>.

#### 1.1.4 Operation Details

The proponent suggests its relationship with Tyre Recycle Tasmania (TRT – which we note has the same directors and owners) has the capacity to deliver 2,600 tonnes of material to the site per annum. We note that this is a significant overestimate of TRT's current and/or potential market share. Based on recent national data and our own knowledge of the market size, the total Tasmanian ELT market is circa 4,000 tonnes. Given our current market share of approximately 3,600 tonnes (much of which is entwined in national collection contracts for key retailers) it is unlikely that TRT will be able to provide even half of the quoted volumes to the facility.

#### 1.1.15 Fire Protection Measures

Tyrecycle notes the significant work that has been undertaken in many states and territories in Australia in developing appropriate fire and emergency service requirements for tyre recycling facilities. The risk of fire – and catastrophic fire – is real with a litany of evidence in the public realm. The fire mitigation measures are grossly insufficient under the current proposal,

particularly for a facility seeking approval to store 150,000 tyres. At its worst, the tyre fire in Broadmeadows was being covered with 10,000 litres per minute, which will still insufficient to extinguish the blaze. The A suitably qualified fire engineer should assess the plans for compliance with state and industry best practice, including the Tyre Stewardship Australia Best Practice Guidelines on Tyre Storage and Fire and Emergency Preparedness<sup>4</sup>. This is a critical risk that must be adequately dealt with to ensure the community is not at risk.

#### MARKETS FOR TYRE-DERIVED PRODUCTS

Tyrecycle notes Section 1.1.1 of the Environmental Impacts Report, which states:

“There is a viable market for recycled rubber products in Tasmania, particularly since the adoption of VicRoads Road Engineering Standard by the Tasmanian Department of State Growth (Appendix A). The recycling facility has the capacity to reduce ELT from shredded material to a fine crumb that complies with this standard.”

The premise of the DA with regard to markets for tyre-derived products is misguided and oversimplifies what is a complex and highly competitive market. A recent national study (soon to be released) highlights the economic and behavioural barriers that restrict uptake of tyre-derived products such as crumb rubber in Australia. In addition to stringent quality standards, tyre-derived products are competing on a national stage against products which are often engrained through existing procurement arrangements. Even in the examples provided by the proponent in the DA, such as crumb rubber modified road binders, there are ongoing barriers that preclude mainland suppliers, who create crumb rubber cheaper than would ever be possible in Tasmania (due to the additional freight costs), from winning market share.

To put the current market in perspective, crumb rubber sales are in the order of 35,000 tonnes per annum, which includes all major markets such as adhesives, road surfacing and bonded/moulded products. By the proponent’s own admission, they would therefore need to capture significant market share immediately. This would be impossible, not only due to fierce competition from other tyre recyclers but due to competition from other virgin and synthetic products.

Taking this further still, the economics of producing crumb rubber products or coloured rubber products in Tasmania for sale in the mainland market do not stack up. Even with the potential freight rebate, the cost of transporting to and from ports, the cost of processing within Tasmania and the likely quality limitations on the proposed facility would all preclude a Tasmanian crumb rubber operator from competing at mainland prices. We know this because we looked at it in detail. We

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know the cost of making and moving crumb from any major capital in Australia because it's our business and we do it every day.

This leaves local markets in Tasmania as the only real option. At present this market is extremely small, perhaps 10% of what the proponents are seeking. There are no producers of crumb rubber roads and no incentives that would support the specifying of such products.

In short this is an A and B equation and the revenue at B is entirely unable to meet or exceed the costs at A.

#### STAGING OF TYRE COLLECTION ACTIVITIES

One of the most pressing concerns we have with the application is the staging of tyre collection activities by TRT. As demonstrated above, TRT has a proven history in collecting ELTs for the purposes of stockpiling, taking the collection revenue and not using this for legitimate recycling.

It is our understanding having read the submission that TRT proposes to commence (or continue) collection of tyres prior to the completion of the processing facility AND prior to the exhaustion of all previously stockpiled ELTs. This cannot occur as it presents an unacceptable risk to the community.

Collection of tyres under agreements and contracts can be likened to a tap that is constantly filling a bucket. Good companies, with excellent processes and well developed end markets for products, are able to empty the bucket constantly so that it avoids overflowing. However, many other operators start recycling ventures without suitable markets for their products and are unable to empty the bucket as quickly as the tap is filling it. This leads to an overflow – essentially the company has more than it can cope with.

This condition is all too common and is the primary driver behind tyre stockpiles across the country. In most cases (with some exceptions), tyre recyclers are genuinely trying to develop a sustainable business model and do not set out to deliberately stockpile. However, even those with the best intentions underestimate the competitive nature of markets for tyre-derived products, the low margins that are involved and the high volumes that must be processed efficiently, effectively and without contamination. This is an extremely tough business.

The proponent (and their associated business TRT) has a long track record of stockpiling tyres. They have demonstrated, through their submission, a lack of understanding about existing markets for crumb rubber in Australia. They do not have contracts or agreements in place for offtakes for any tyre-derived products. They lack industry credibility as a result of past activities.



It is our strong belief that TRT must not be permitted to commence collection of tyres until the facility is fully operational, at commercial capacity and has made significant progress toward the processing of its existing 1.5 million tyres currently stored at sites around Tasmania.

#### CONCLUSION

Tyrecycle has only recently been made aware of the application for a DA by the proponent, and as such we have only provided brief background and explanation for our concerns in this letter. We would welcome the opportunity to discuss this with you in more detail and provide any additional information and data required to support our submission.

In short, the business model is flawed, the knowledge of markets is misguided and ill-informed and the proponents themselves are directly responsible for the stockpiling of more than 1.5 million tonnes of ELTs without ever processing a single unit.

There is nothing but risk in this application with no chance of upside either for the proponents, or more importantly the community. If approved, it is entirely likely that the City of Launceston will itself have a large tyre stockpile to deal with.

As always, I am happy to openly and constructively discuss these concerns and provide further industry intelligence, which is a role we have provided at national and state level on many occasions.

Yours sincerely,



Jim Fairweather