



**Tradefaire International Pty Ltd**

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Mr. Gavin Jones

Director Adjudication Australian Competition and Consumer Commission (ACCC) By  
email Cc: Mr Ben Janover, Analyst

28<sup>th</sup> June 2024

Dear Mr. Jones

Re: Tyre Stewardship Australia Re-Authorisation submission

Tradefaire International Pty Ltd (**TFI**) wishes to present its submission for the Tyre Stewardship Australia Limited (**TSA**) application for revocation of authorisation AA1000409 and substitution of AA10000655.

TSA is seeking authorisation for specific provisions of the guidelines which govern the Scheme. TFI hereby provides a summary of some of its prior experience with TSA in the course of its administration of Australia's Tyre Stewardship Scheme (**Scheme**), with a focus on the following:

- Clarity and Transparency
- Politics
- The future.

## **TFI Tyres**

Tradefaire International Pty. Ltd. is a substantial stakeholder in the off-road tyre segment. We import and supply tyres for Forklift and Industrial applications, Port, Agricultural and Mining segments. In these segments, we also offer a service component except for Agriculture.

## **TFI's Experience with TSA**

### *Clarity and Transparency*

Our interaction with the TSA started with several company members becoming involved in the TSA working group at different intervals. As TFI's owner, I was favorable to participating in voluntary levies suggested by the TSA. After some time, I questioned our employees about their experience and the feedback. They indicated that there was no real debate in the working group and the other participants were generally happy to not make 'waves' and go along with the presented agenda and actions.



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Out of curiosity, I acquainted myself with the levies. These levies related to off the road segments such as Farm, Industrial, Port and Mining. The first three segments seemed reasonable, until I came across the levy on Giant Mining Tyres. This segment was worth more than \$700 million dollars. Many of these tyres weighed over six tons and sold in the region of \$70,000-100,000 each for a tiny \$50 levy. In contrast, the Agricultural segment was only about \$80 million as a segment and paying a significant levy vis-a-vis the value of the tyres. I observed the same situation with the other segments.

So, it seemed that the Giant tyres were massively favoured by having such a tiny levy (**Imbalance**).

It should be noted that TFI sell Giant Tyres but could not ignore the Imbalance in the Scheme.

Again, out of curiosity, around early 2021, I contacted [REDACTED] and made him aware of the concerns I wished to express on behalf of TFI with respect to the Imbalance. He arranged a dinner with [REDACTED] as he wanted to discuss my concerns further. Unfortunately, no satisfactory answers were provided over dinner, and what has followed in the years since, has been what I consider to be silence, denial and obfuscation.

The Giant tyre Levy had been approved by the TSA prior to its securing authorisation from the ACCC. However, when I challenged members of TSA's management with respect to the Imbalance, no one was prepared to offer a reason on this. In circumstances where TSA has stated its aim is to be 'clear and transparent', this is especially frustrating. Emails I subsequently sent to TSA's management on behalf of TFI received no reply.

Indeed, it was not until TSA planned to formally announce the Scheme with the Minister, and TFI foreshadowed its intention to air its frustrations over the Imbalance on social media, that TSA arranged a further meeting with TFI. The meeting took place in or around September, 2021, and it was agreed that in approximately six months from the date of the meeting, TSA would make an application with the ACCC to remove/ replace the levy on Giant Tyres with a more suitable levy perhaps based on weight.

In light of this commitment given by TSA, I agreed on behalf of TFI, to refrain from publicly airing my concerns about the Imbalance. Unfortunately, TSA failed to keep its commitment and no application of the kind agreed in TFI's meeting with TSA was made. Memory loss?

A subsequent meeting between TFI and TSA was proposed for November, 2022, following a review undertaken by independent consultants. In light of TFI's disappointment over TSA's failure to honour its commitment arising from the parties' previous meeting, I requested that the meeting be recorded. TSA refused this request on two occasions, in a position seemingly at odds with its expressed preference to clarity and transparency. After further negotiation it was finally agreed that our accountant could take notes. At the meeting, TSA denied having given its prior commitment.



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On the Giant Tyre question, I note that Bridgestone and Michelin, which provide the majority of the Giant Tyre Supply in Australia, have stood up for the TSA at crucial times such as the 2018 review.

There are other documented issues that we could expand upon but the levy fee issue above is a good example.

### **Politics and the TSA**

In the course of my dealings with the TSA, I received messages from members of the Scheme's working group offering morale support but not wanting it to be known [REDACTED]

[REDACTED] A typical message I received would offer support but note that TSA was responsible for approvals and media, and the members of the working group did not want to be on the wrong side of the TSA.

I raise this point to highlight my concern that, if TSA were in a regulatory role in circumstances where participation in the Scheme or its derivative were to become mandatory, there is the potential for undue pressure to be exerted. TFI's concerns on this front extend beyond immediate considerations, and feed into areas such as investing in recycling factories, for example, where long term finance and confidence are key requirements.

### **TSA and the future**

At its core, TSA accepts levies to expand the use of the processed end of life tyre e.g. rubber crumb for paths, asphalt, road barriers etc. As part of its ancillary functions, it also issues approvals and disseminates information on the benefits of tyre recycling to the public. Later, I understand that it will be applying for regulatory authority for compulsory levies.

TFI is concerned that TSA's functions and powers, coupled with the failure to act transparently as observed by TFI and related above, may give rise to political control or influence and, potentially, disrupt good market players.

### **TFI and Recycling**

TFI has always been, and will always be, a proud advocate for tyre recycling. Unfortunately, our view is that the TSA, [REDACTED] is more about the promotion of processed end of life tyres. By way of contrast, TFI prefers to motivate the 'end users' to recycle at the point of the tyre's end of use.

To this end, TFI has quietly instituted an inhouse, self-contained initiative to directly motivate end users to recycle their old tyres, in preference to continued participation in TSA's Scheme with its Imbalance. It involves providing a rebate in return for evidence from an accredited recycler that relevant recycling of a tyre has taken place. This initiative has not been without its challenges, but



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TFI is committed to the cause and implementing it on just terms. We would be pleased to discuss it further with you if you would like.

### **Conclusion**

For the reasons outlined above, I have taken this opportunity to express TFI's concerns about the means by which TSA uses its perceived power across the market and the impact it has on market participants based on TFI's interaction with those participants.

To the extent consideration is given to administration of the Scheme or a similar scheme in the future, TFI considers the industry's interests and those of consumers and the environment, would be better served by the Environmental Protection Agency (EPA) taking on such work. The EPA is not perfect, but as a government instrumentality it is subject to necessary checks and balances and is likely to be more transparent as a result than is the TSA.

Thank you for accepting this more 'casual' submission.

Your Sincerely,

James Saunders

Director