

Garnaut Climate Change Review
Garnaut Review Secretariat
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SIMS|GROUP

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Sims Group Limited ABN 69 114 838 630

24 April 2008

Dear Secretariat,

Re: Emissions Trading Discussion Paper

Sims Group Limited thanks the Garnaut Review for the opportunity to comment on your *Emissions Trading Discussion Paper*. Sims Group is the largest collector, processor and supplier of recycled metal products in Australasia and in the world.

Sims supports the introduction of an Emissions Trading Scheme (ETS) in Australia and many of the design features outlined in your Discussion Paper. We would however like to take this opportunity to raise an issue that we think has been overlooked by the review.

We have recently begun to more fully investigate the energy and emissions avoided associated with the metals that we recycle. The results make a compelling case for the energy saved and greenhouse gas emissions avoided with the use of recycled rather than virgin materials. We believe that the ETS policy design process should be armed with this information.

In the case for aluminium, our results presented in the table below illustrate the significant energy and emissions savings that are gained through the use of recycled aluminium rather than virgin aluminium.

Material	Embodied Energy (MJ/kg product)	Embodied Emissions (kg CO ₂ -e/kg product)	Avoided Emissions (kg CO ₂ -e/kg Al recycled)
Virgin Aluminium	217	11.9	
Recycled Aluminium	27	1.98	9.92

Energetics, 2008

Equally, the embedded energy in the iron and steel recycled by our Company in fiscal 07 was sufficient to power almost 40% of all Australian homes for one year.

We have not presented the results for all of the metals we work with, but we are able to do so if it is useful for the Inquiry to consider this topic more fully.

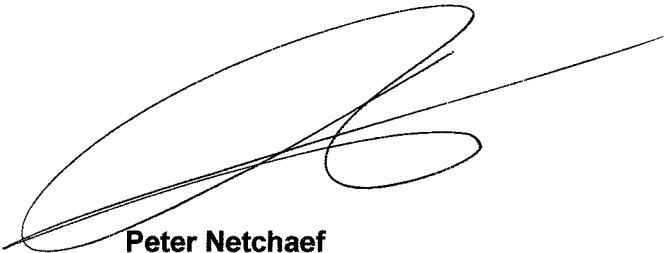
Given the emissions savings that the use of recycled metals can create, the challenge for Australian policymakers is to understand if the ETS design will help or hinder greater use of recycled metals.

Based on design elements raised in your Discussion Paper it seems unlikely that recycled metals will be able to generate carbon credits within an ETS scheme. Sims believes that this needs further consideration, and requests that you investigate this case study in more detail before the finalization of your draft paper in June.

If Sims is captured as an emitter under an ETS, our recycled materials may be more expensive when compared to virgin imports from nations without a price on carbon. Such a situation could mean that the higher emissions product gets a price advantage over our lower emission product. This would be an environmentally perverse outcome, particularly in light of the other great benefits of recycling, such as savings in resources, reduced waste generation and water consumption.

Please do not hesitate to call me to discuss this in more detail.

Yours sincerely,
Sims Group Limited

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Peter Netchaef
General Manager, Group Sustainability