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How Forrest plans to clean the ocean

Andrew Forrest has no doubt his potential \$US300 million investment in an attempt to free the world's oceans from the tightening straitjacket of plastics will inspire awe and scepticism in equal measure.

But it is, after all, the inertia of mainstream dubiety that gifts opportunity to entrepreneurs like Forrest to first prosper then proselytise.

Forrest is on his way to breakfast with New York-resident leaders of the world of plastics. He expresses wary excitement about the reaction that will be generated by the announcement at the United Nations of his latest venture in philanthropy.

It is called "Sea the Future" - a project that aims to inspire the transformation of gathering mountains of waste plastic into cold hard cash.

The audacious plan to raise \$US20 billion annually from the plastics industry to self-fund reformation was seeded early in the nearly four years it has taken the iron ore billionaire to complete a PhD in marine biology.

No kidding. The chairman of Fortescue Metals Group is about to become Dr Forrest.

Forrest delivered the five manuscripts of his dissertation to the University of Western Australia "at 3.09pm New York time yesterday".

"It has been the hardest thing I have ever done," he reflects. "It has been a slog. But thankfully it is behind me. It was so much harder (than work)," he says, before contemplating the challenge ahead.

"This is probably one of the biggest things I have done. I am obviously cautious, a little nervous, it is three-and-a-half, four years of work which has been pretty low-profile."

"I have spoken to China, I have spoken to India, I have talked about it at the absolute top leader level of business and political administrations including the United States, Europe and Australia. And I am going from here to Russia, just waiting on appointments being confirmed. I am offering solutions to a problem that everyone knows they have," he says.

Forrest's studies bought him into



Seeing the future: Andrew Forrest, who has completed a PhD in marine biology and is in New York to spruik his bold plastic recycling plan PHOTO: BEN SKLAR

direct and sustained contact with the damage being wrought by the plastic invasion of the world's oceans. As he coursed up and down the coast from the Great Australian Bight to the Kimberley, he was staggered by the impact plastic was having on ocean life.

"I was just running into marine death caused by plastic wherever I looked.

"It all came down to this paper (an academic paper released to coincide with today's announcement of the Sea the Future initiative) and the realisation that, no matter what we do, plastic will probably destroy marine life much quicker than anything else will.

"The bridge is too high to eliminate plastic. But an incredibly valuable second prize to humanity would be to establish a system where everyone would want to recycle what is currently waste. It would be like the steel industry or any other commodity in the metals industry. You don't have copper or steel or aluminium just lying around. You used to. But you don't now

because it is recognised as an article of value. And that is the plan with plastics, to take advantage of the technology to create a value for used plastic."

So, what is the plan?
Forrest's studies identified "about eight different technologies" that can affordably recycle "the half a dozen different basic types of plastic". The plants that would use these technologies would cost \$US1-2 million a pop and would be set up as close as possible to where used plastics gather.

Forrest's work also identified that the point of the production cycle where recycling technologies would have the most transformative effect was the manufacture of resin from various fossil fuel inputs.

"That is the beauty of this," he says with an enthusiasm only those who know Forrest can fully appreciate. "There are 2.5 billion consumers of plastic, there are tens of thousands of brands and fast-moving consumer products that use plastic, but there are only 100 resin makers in the world which make any difference," he says,

Under the Forrest plan, that big 100 would contribute to a "transition fund" by lifting the price of fossil fuel-based resins at the point of sale to a much broader community of manufacturers.

Interestingly, Forrest has "engaged with global law firms" in anticipation of any "potential anti-trust concerns" that might flow from the co-ordination of what is effectively an industry-wide price hike.

Forrest's academic paper reveals an informed belief that "an initiative in the public good can comfortably operate within the law in countries across the world".

Establishing and defending the integrity of the industry fund is essentially the role that Sea the Future wants to play in this adventure.

Forrest will build and buttress confidence in his initiative by investing \$US40 million in creating this new theatre of industry self-help and \$US260 million over five years on funding audit fees for the new organisation.

At this stage Forrest has no desire to

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take a direct role in Sea the Future.

"I would rather not," he says. "I would rather have the industry do it. Just set it up. I can act as a cantilever, I can act as a guide. But I want industry to get up and do it.

"I will take a massive investment in this but it will be philanthropic, it will be a social return not a monetary return and I will let the industry make a fortune.

The same Forrest paper predicts this industry "contribution" would need be in the range of \$US200-\$US5000 a tonne to "incentivise the collection and

recycling" of used plastics. This would translate to a US1-2¢ rise in the cost of a takeaway coffee cup, the paper estimates.

The transition fund's income could top \$US20 billion annually, foreshadowing a future where, with the infrastructure of recycling fully established, funds could be returned to the industry or invested in climate change mitigation.

The "immediate effect" of the recycling model is plastic waste becomes a valuable commodity. "And the instant that happens there is no more plastic waste in the world, like there is no more iron or copper or aluminium waste in the world," Forrest predicts.

Of course, Forrest knows that nothing about the creation of the virtuous cycle he describes will be instant. This urgent certainty has ever been part of the patter of his progress.

To explain, Forrest recalls a conversation he had with Mukesh Ambani, the senior owner and chairman of India's Reliance Industries.

"Mukesh said to me: 'Andrew you are putting in \$US300 million, I will put in \$US1.5 billion,'" Forrest reports.

"What he said is, I will offer \$1 million to 1500 Indian entrepreneurs across India by way of advanced purchase of resin." He said, "They will build their plants, I will send my fuel tankers around. Instead of pumping the fuel out and taking the money, I will pump the resin in and pay them money. Then I will convert that polymer to all kinds of plastic which customers want. I will make a significant margin, they will make a good margin, and they will collect the raw material, the used plastic."

In the end, Forrest believes his commercial past leaves him well qualified to lead the massive restructure he proposes.

"I think I am kind of uniquely qualified to recognise technology which can build industries," Forrest says. "I did it with Murrin Murrin (a Western Australian nickel and cobalt project). It is a massive operation that is still key to Glencore and is its most reputable source of cobalt.

"The second one was at Fortescue, where I was always three per cent below everyone else (Rio Tinto, BHP and Vale). The expression at Rio was, 'Yeah, Forrest is three per cent below genius.'

"But that three per cent would mean I would never make the grade. Then we worked out a way to upgrade our ore bodies to be commercial. Fortescue was transformed in a very large company," he says. Left unsaid is that Fortescue has made Forrest wealthy enough to afford crusades like Sea the Future. So who is the genius now?