



Tyres NEPM Threshold Study

General Comments

This document presented an extensive assessment of the affects of the various thresholds. However, there was no clear information on the implications of the various thresholds, particularly in terms of effect on the target for recycling and on the income of the scheme. In an effort to understand the implications of the various thresholds the Association formulated a summary table, reproduced below, which shows a combination of the fitted and loose tyre figures. Our comments relating to the threshold will reference this table.

Table 1: Combination of the proportional loose and fitted tyre thresholds.

Loose Tyres - 85% of the Tyre market					
Threshold EPU	Number of importers below	EPU below (,000)	% of total EPU below	ARF forgone (\$,000)	% of total ARF forgone
500	477	26	0.10%	26	0%
1000	523	59	0.20%	59	0%
5,000	623	302	0.90%	302	1%
10,000	668	615	1.80%	615	2%
Fitted Tyres - 15% of the Tyre market					
Threshold EPU	Number of importers below	EPU below (,000)	% of total EPU below	ARF forgone (\$,000)	% of total ARF forgone
500	3,845	157	3%	157	3%
1000	3,953	230	4%	230	4%
5,000	4,087	523	9%	523	9%
10,000	4,121	785	13%	785	13%
Combination (Loose & Fitted) – 100% of the Tyre market					
Threshold EPU	Number of importers below	EPU below (,000)	% of total EPU below	ARF forgone (\$,000)	% of total ARF forgone
500		183	0.53%	183	0.45%
1000		289	0.77%	289	0.60%
5,000		825	2.11%	825	2.80%
10,000		1400	3.48%	1400	3.65%

WALGA Recommendation 1: That any threshold does not significantly impact the ability of the Scheme to sufficiently fund activities.

Background

The use of data in this section is varied, ranging from 2000 – 2007; which made it difficult to see if the comparisons were accurate. From the information provided (for example in Table 3) it was difficult to ascertain the amount of tyres entering the Australian market and how many are recycled.

WALGA Recommendation 2: That data used be consistent and be the most recent to ensure the tyre import market and recycling industry is accurately reflected.

Survey Methodology

With only a relatively low number of the large scale tyre industry importers surveyed (21); the information about the market is limited. One way to address this would be additional research on the other tyre companies. The document further states there are 804 tyre importers. The report does not make any assessment as to the size of these additional importers – nor are they included in the survey. The report does not identify if the 21 importers are of loose or fitted tyres.

WALGA Recommendation 3: Further investigation of tyre importers to ascertain the impact on the smaller importers and gain a full picture of the market.

Modelling the Cost to the Industry

The section is clear about the assumptions used in the modelling, however, the justification for these assumptions is unclear, particularly that the sample of respondents is indicative of the industry as a whole. A brief overview as to why these assumptions are reasonable would be useful.

Given the document identifies there are at least 804 tyre importers a sample of only 37 is relatively small. It would be useful to have an estimate of the market share that is represented by these 37 companies. Given the large number of small scale importers, specific surveying of their estimated time for compliance would assist in determining a more accurate figure on which to base the necessary costs.

Customs Data on Loose Tyres

The report identifies there is a high level of transience among importers. Ongoing measures will be needed to ensure that these transients are fully accounted for and an accurate understanding be retained regarding the overall contribution to the tyre market. It is valuable that the report identifies that the large level of small importers only contributes 0.1% to the overall tyre market.

There is no mention throughout this document of tyres used as packing around products and how they have been factored in; the number of these tyres may vary greatly and may impact on the collection of the advanced recycling fee.

WALGA Recommendation 4: That a methodology be developed to keep track of transient importers of tyres to ensure their contribution to the overall market is marginal. Further investigation be undertaken to ascertain the impact of indirectly imported tyres on overall import figures and the potential ARF.

Customs Data on Fitted Tyres

It appears that there has been no survey of this section of the import market. Given that only relatively few importers bring in large volumes, a survey of these importers would have been relatively easy and may have provided useful information regarding the estimates of cost and whether it is the same as that for loose tyres.

Gaming

The report identifies that any tyre threshold may encourage gaming by importers to make their activities appear below the threshold, however, given the relatively low ARF, this is likely to be limited.

WALGA Recommendation 5: That measures to monitoring tyre importers be implemented to ensure gaming does not occur.