



11 July 2008

Our Ref: 05-040-03-0001KF:RB

Ms Monina Gilbey  
Project Officer  
NEPC Service Corporation  
Level 5, 81 Flinders Street  
Adelaide SA 5000

Dear Ms Monina Gilbey,

### **WALGA Submissions – End-of-life Tyres**

The attached Submissions have been prepared through the Municipal Waste Advisory Council (MWAC) for the Western Australian Local Government Association (WALGA). The Municipal Waste Advisory Council is a standing committee of the WA Local Government Association, with delegated authority to represent the Association in all matters relating to solid waste management. MWAC's membership includes the major Regional Councils (waste management). This makes MWAC a unique forum through which all the major Local Government waste management organisations cooperate. The attached Submissions therefore represent the consolidated view of Western Australian Local Government.

The Municipal Waste Advisory Council has prepared a submission on each document, as well as an overall submission. These submissions will go to the Municipal Waste Advisory Council for endorsement on the 20<sup>th</sup> August and you will be notified of any change which occur following this endorsement.

In a recent survey of local government regarding their key priority wastes for action, tyres were identified by the most local governments as a waste of concern. Therefore MWAC congratulates the National Environment Protection Council (NEPC) on their initiative in undertaking the current work on end-of-life tyres.

MWAC would welcome the opportunity to contribute further to the development of national action on tyres and would like to be included in any further consultation. It would assist our participation if you could provide a timeline and outline of the current plan for further stakeholder engagement.

If you would like to discuss any aspect of the Submission, please contact Rebecca Brown, Manager – Waste and Recycling, on (08) 9213 2063 or email [rbrown@walga.asn.au](mailto:rbrown@walga.asn.au).

Yours sincerely

Cr Michael Aspinall  
Chair, Municipal Waste Advisory Council

**SUBMISSION ON  
DRAFT NATIONAL ENVIRONMENT PROTECTION (TYRES) MEASURE**

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Please find attached:

- Cover Letter
- Submission - Overall
- Submission - Draft Tyres Product Stewardship Agreement
- Submission - Industry Scheme Brochure
- Submission - Consultation Regulatory Impact Statement for End-of-life Tyre Management
- Submission - Draft National Environment Protection (Tyres) Measure
- Submission - Tyres NEPM Impact Statement
- Submission - Tyres NEPM Threshold Study



## Submission – Overall

Through reviewing the various tyre documents released, key points, themes and suggested modifications have been formulated. Rather than repeating these comments in all of the submissions, they have been drawn together in this document. Where appropriate this overall submission and the specific document submission reference each other.

### Objectives of the Intervention

The objectives differ between the various documents as does the emphasis between the various objectives.

***WALGA Recommendation 1: Clear and consistent expression of the objectives needed with recognition of the key aims of the intervention – to reduce the environmental and health impacts of illegal dumping and to increase recycling of tyres.***

### Targets for the Intervention

The Targets are given in the Agreement as percentage recovery rates based on tyres entering the market. There are no other measures to judge the Scheme's success, except a vague reference to the EPHC judging whether the Scheme is achieving its objectives. Practically, that is likely to mean whether the Scheme is achieving the targets.

As the Targets don't measure illegal dumping, there is no way of assessing if the Scheme is actually achieving its objectives in terms of environmental performance.

In the various document it states that current recycling rates are 20 -25%; if this is the case then the targets in the Agreement for year 1 have already been met. This means that the progress toward the next target will not be measured until year 5.

Equity is also a key concern, as to achieve the overarching targets, the focus is likely to be on the large tyre markets, such as in the eastern states where there is already a high level of recycling. In order to ensure equity, the Targets should apply and be measured on a state by state basis. This will allow adjustment if the Scheme is not performing in one or more states.

***WALGA Recommendation 2: include targets to directly measure decrease in illegal disposal.***

***WALGA Recommendation 3: Targets need to apply on a State by State basis as well as overall – to ensure equity is measured.***

### Data Collection and Use

It is never clear from the documentation how reliable data collection is, what our confidence in the data provided is and how the data will be collected in an ongoing

manner. There is also a need to ensure that Agreements are in place with data providers, such as Customs, and confidence that the data will continue to be provided. If this is at a cost to the provider, these costs should be incorporated into the Scheme running costs.

There were inconsistencies between all the documents regarding the age of the data used. The most frequently referenced was 2004 data; it is likely that this data is considerably out of date. More recent data needs to be used as a base line for the Scheme.

***WALGA Recommendation 4: Establish the reliability of data, how it will be provided and by whom.***

***WALGA Recommendation 5: More recent data be used to determine the base line tyre import, recycling, illegal disposal, export and landfill figures.***

### **National Consistency**

There seems to be an assumption that a nationally consistent regulation and scheme will have nationally consistent outcomes. It is unlikely that this will be the case. For Western Australia this has been amply demonstrated by the Used Oil Stewardship Program and the National Packaging Covenant application in WA.

***WALGA Recommendation 6: it be made very clear that if the Scheme isn't working in a particular state/area of a state then action can and will be taken by the State to address the inadequacies (including additional regulation if necessary).***

### **Illegal Dumping and Local Government management of Tyres**

Most of the documents identify illegal dumping and consequent environmental and health risks as a driver for action. However, the Scheme isn't targeted at these issues. The assumption throughout the documentation is that if there is a market, illegal dumping will reduce. This assumption needs to be strongly questioned. There is no research presented that supports the assumption and it is clear that there is virtually no understanding regarding who is responsible for illegal dumping.

***WALGA Recommendation 7: Research needs to be undertaken (or sourced if already existing) on who illegally dumps tyres and why.***

The documents do not acknowledge current local government activities in tyre collection, disposal area or the cost incurred in clean up of illegal dumping. Most local government landfills, transfer stations or drop off points in WA collect tyres (some Local Governments take tyres for free to decrease illegal dumping). Transport to market and safe storage are the main issues for these facilities in relation to recycling tyres.

***WALGA Recommendation 8: Any Scheme needs to ensure local government transport costs for recycling tyres covered.***

### **Review of the Scheme**

The Agreement is at present set to be reviewed at the end of the 1<sup>st</sup>, 5<sup>th</sup>, 7<sup>th</sup> and 10<sup>th</sup> years. These reviews may be insufficient if any problems arise, assistance for a failing scheme provider may be too late if left for four years before anything is identified.

***WALGA Recommendation 9: That there is a more frequent review period conducted and that the criteria for reviews are more clearly identified.***



## Draft Tyres Product Stewardship Agreement

### General Comments

The Agreement is a good starting point for negotiation. However, for the Scheme to achieve its objectives modifications will be needed. The suggested modifications will be explored in more detail in the body of the submission; in brief, these areas are:

- Targets – need measures and targets for reduction of illegal dumping;
- Governance of the Scheme – need for greater transparency;
- National coverage – need methods to ensure this occurs; and
- Clear identification of objectives – both increasing resource recovery and avoidance of environmental and health impacts are valid objectives. However, achieving the first will not necessarily lead to the latter.

For local government in Western Australia, tyres are an economic, social and environmental cost. This cost has not been considered in the Agreement. Communities currently pay for clean up of illegally dumped tyres; if the tyres are collected at a local government facility, local government pays the recycling cost. For non-metropolitan areas this cost can be substantial.

### The Agreement

#### Parties to the Agreement

Local government is not a party to the agreement, and has not been overly consulted in its development. The reference in this section to appendix 5 is incorrect; it should reference appendix 4.

#### Introduction

The *drivers for improving the management of end-of-life tyres* should also include the cost of cleaning associated with the illegal disposal of tyres. The data in this section is from 2004 and does not differentiate between landfilled, illegally dumped or exported tyres. The use of more recent data would have given a better indication of what the tyre problem actually is, especially with regard to the export market and the extent of illegal dumping.

***WALGA Recommendation 1: That current data be used to ascertain the extent of illegal dumping and the export market.***

There also seems to be an assumption that export does not count as a legitimate end market. Currently in WA approximately 90% of the Tyres recovered in the Perth Metro area are exported (per comm. DEC controlled waste tracking officer). While local reprocessing and recycling is supported, it should be recognised that, for some

jurisdictions, export may be the only viable recycling option and, if appropriate controls are in place, a legitimate method of recycling.

## **Vision**

The vision given in the Agreement does not address the major issue of illegal disposal of tyres. This is the primary source for environmental, social and economic impacts for local government. Although a sustainable tyre recycling market is a fantastic objective for the Scheme, it does not necessarily mean that illegal dumping and the associated impacts will be addressed.

***WALGA Recommendation 2: The vision incorporate an end to illegal dumping of end of life tyres.***

## **Objective**

The objectives are broadly supported and cover the range of impacts the scheme would hopefully address. As mentioned previously, the key issue for local government is the environmental, social and economic impacts of illegal disposal of tyres. Given the vision previously stated and the targets given in the document it seems highly likely that this issue will not be addressed by the scheme and that it will come in second to market development. This is not an acceptable outcome given that one of the prime reasons for action (as outlined in the RIS) is to ensure the environmental and health impacts of illegal disposal be addressed.

## **Performance Targets**

In the various documents provided in this consultation, current recycling figures of in excess of 20% are given. Based on those figures the Scheme has already achieved its target for year 1. It would seem pointless to have a target which has already been achieved.

The target of 90% recycling is also questioned, given that in other countries the highest level of recycling achieved is 80%. This target, though admirable, may not be achievable.

The agreement does not indicate if any consideration has been given as to how the stockpile (monofil) issue would be dealt with. In Western Australia, one of the end points for tyres was/is monofil. These tyres are bailed to enable later recovery. It is possible the entry of these tyres into the market would skew achievement of targets. There also appears to be no consideration of post year 11 of the Scheme. Some ongoing monitoring will be required to ensure the high level of recycling is continued.

***WALGA Recommendation 3: That the targets include:***

- ***Specific targets for each state/territory to ensure equitable coverage of the nation; and***
- ***Targets for illegal dumping reduction.***

## **Responsibilities of Signatories**

Only signatories have responsibility for achieving the vision and objectives. As Local Government is not a signatory currently, there should therefore be no responsibility allocated to Local Government. Ultimately, State Government and tyre producers may have difficulty achieving the set objectives without the assistance of Local Government.

It is strongly supported that the tyre producer signatories remunerate government for the cost of implementing the Scheme.

## **Governance Arrangements**

The duties of the Tyres Stakeholder Forum appear to be extremely inadequate for the purpose outlined in the Agreement. Further comment is included in the Appendix section of this Submission. The appendix references in this section are also incorrect.

## **Data Collection and Reporting**

This area relies on the tyre producers/recyclers having sufficient data capture methods in place to give a true indication of total tyres received, recycled and sold in all jurisdictions. This may ultimately lead to reporting timeframes being unmet if data is unavailable.

## **Evaluation and Review**

There is a need to determine exactly what the measures of success will be. The targets relate to recycling/reuse of tyres, which once again only reflects one of the set objectives, with the other two being left unattended to.

## **Termination**

It is unclear how the EPHC will measure the vision and objectives achievement as the targets, which the reporting will focus on, do not include two of the three objectives. The remaining two objectives need to have direct measures associated with them, or they will be considered subsidiary to the resource recovery objective.

## **Appendices**

**Appendix 2** selection criteria do not specifically say how the scheme will assist in meeting the objectives of the Agreement. This needs to be an explicit part of the assessment of any future potential scheme.

### **Appendix 5 Tyres Product Stewardship Council (TPSC)**

The governance arrangements of the TPSC are inadequate. The following modifications are suggested to ensure the process of the Council is open and accountable:

- minutes of the meetings be made public;
- all state and territory governments are represented;
- local government, through ALGA (or nominated representatives), has at least two representatives;
- there is a community representative;
- an independent chair be appointed;

- government should be responsible for the appointment of any independent facilitator;
- costs for attending meetings are covered by the Scheme; and
- all decisions and advice should be made using a consensus decision making process.

#### **Appendix 6 Tyre Stakeholder Forum**

There is some inconsistency between the definition of the TSF in the document and the actual attachment. All levels of government are included in the definition in the attachment. However, in the definition in the Agreement no reference is made to Government. The TSF is considered to be an inadequate stakeholder involvement method, as it doesn't have any legitimate method for input into decision making.

***WALGA Recommendation 4: The TSF not be included and that other methods be put in place for Stakeholder engagement (such as enhancing the representational structure on the TPSC).***

#### **Attachment A Proposed Scheme**

The Association strongly supports transport equalisation measures, as for Western Australia one of the barriers for local governments to recycle any tyres they collect is the cost of transporting these tyres to market.

***WALGA Recommendation 5: That a transport equalisation measure be developed and made available to local government to ensure equitable access to recycling.***

Some of the terms that are used in this document are not clearly defined, for example highest value product. There needs to be clear criteria for establishing what is 'highest value'.

***WALGA Recommendation 6: That:***

- ***Clear criteria for determining 'highest value' be determined; and***
- ***A process be put in place for assessing future Tyre Derived Products against this criteria.***

The other process which needs more clarification is how end users will be accredited. While the Association supports an accreditation process, it needs to be one which does not inhibit new players into the market. Therefore the Association strongly questions whether the Tyre Product Stewardship Ltd is the most appropriate body to undertake this accreditation process.

***WALGA Recommendation 7: That the accreditation process:***

- ***Be conducted by an independent body;***
- ***The criteria for accreditation be established and made publically available for comment; and***
- ***Full public reporting of applicants to the accreditation (and the outcome of the process) be provided.***



## Industry Scheme Brochure

### General Comments

The ATIC Industry Scheme Brochure gives a good over view of the industry position. However, there are several areas within the Brochure that require clarification; particularly with regard to data verification and the outcomes for the Scheme. The Association would appreciate clarity on the following areas:

1. The Tyre Product Stewardship Agreement states 17% of tyres went to an end market, the Brochure mentions 25%; it is not clear where the 25% recycling figures come from, given both documents reference the URS study.
2. The aim of the Scheme is to achieve 90% recovery of tyres within ten years. There appears to be no clear basis for this conclusion and no indication of exactly which markets the figure is aimed at. This item is further discussed in MWAC Submission – Overall.
3. Many Local Governments are familiar with the 'Environmental Levy', particularly non-metro areas, where it has been observed that often this levy is collected and the tyres are then disposed into the Council landfill (free of charge). The prospect of an additional fee without a guaranteed decrease or removal the existing fee would seem like doubling up. If the Scheme is not able to operate successfully in all areas, this consideration needs to be incorporated fully into the proposed Product Stewardship Scheme.

***WAGLA Recommendation 1: That the Environmental Levy cease once the Scheme come into force.***

***WALGA Recommendation 2: If a transport subsidiary is necessary for those within the tyre industry to ensure tyres are taken to market; this is incorporated within the Scheme.***

4. One of the users of Tyre Derived Products (TDP) was identified as, local authorities involved in road maintenance; there are potential barriers to this, such as Main Roads specifications. The Association has been working with Main Roads and local government to facilitate such applications, but any inroads into this market will take substantial work. Talks have been held with all States and Territories except WA, this information is not however mentioned in the brochure, the only mention of this is in the Financial and Economic Analysis of the Proposed Used Tyre Product Stewardship Scheme URS 2005<sup>1</sup>

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<sup>1</sup> Financial and Economic Analysis of the Proposed Used Tyre Product Stewardship Scheme. URS 2005

5. The 'Overall benefits to the Community' section is ambiguous in the way it is expressed. Specifically:
  - It is unclear as to what type of energy will be utilised more efficiently in the first dot point;
  - The dictionary definition of the term 'dumping' does not necessarily mean illegal, however, the term 'illegal dumping' is predominantly used. The confusion of adding in legal dumping is unhelpful; and
  - The comments regarding mosquitoes and larvae is grammatically incorrect, the statement currently implies the breeding grounds are hazardous for the mosquitoes and larvae.



## **Consultation Regulatory Impact Statement for End-of-Life Tyre Management**

### **General Comments**

The RIS analysis endorses the Product Stewardship Agreement as the preferred mechanism. However, as it is the only approach which has had development work undertaken, this endorsement does not seem fully justified. Other options given in the RIS, such as deposit-refund schemes, in addition to the Product Stewardship Agreement may facilitate not only market development but also a reduction in illegal dumping and associated risks.

***WALGA Recommendation 1: Deposit-refund systems as a tool to decrease illegal dumping be further explored.***

The RIS outlines a number of questions which would inform the development of the Product Stewardship Scheme. In order to answer these questions additional consultation is needed.

***WALGA Recommendation 2: Additional consultation and research be undertaken to answer the questions posed in the RIS.***

### **Statement of the Problem**

As with the other documents in the consultation, environmental quality, human health and local amenity, as well as lost opportunities for resource efficiency from failing to extract value from end-of-life tyres, are identified as risks. This highlights why we would undertake action regarding this product; therefore these concerns should directly be used for targeting the scheme.

### **Objectives of Government Intervention**

The objectives of Government intervention are not clearly associated with the statement of the problem in the previous section. The introduction of the 90% recovery, directly taken from the Agreement and mentioned in none of the other documents as an object, seems to be unjustified. This again emphasises the point that the RIS is justifying the Agreement instead of assessing it as one of many options.

### **Options and Costs and Benefits of Options**

This is one of the few sections where it is acknowledged that the benefits and application of the scheme will vary. For regional WA it is likely that any benefits will be deferred indefinitely (particularly if in 10 years, the 10% of material not recovered comes from regional areas). See comments in the Overall Submission on the need for targets applied at a State level and directed at illegal dumping.

### **Consultation**

In the Tyre Agreement Submission comment has been made on the effectiveness of the consultation process. As there appears to be substantial gaps in knowledge regarding tyres (as evidenced by the questions in the RIS) it would seem that consultation has been limited. Local Government in particular was not involved in this process.

### **Conclusions**

The RIS endorses the Agreement; the effectiveness of the Agreement to achieve the objectives outlined has been commented on already, and the key concern is regarding process. It is likely with some modifications that the Agreement will achieve at least some of the objectives. However, other options may offer a better approach for other objectives.

***WALGA Recommendation 3: Environmental, social and economic impacts of illegal dumping should be directly addressed by any proposed scheme.***



## **Draft National Environment Protection (Tyres) Measure**

### **General Comments**

The Draft National Environment Protection (Tyres) Measure (Tyre NEPM) outlines the regulations that will be implemented once the Tyres Product Stewardship Agreement (the Agreement) is in place. The question that remains unanswered (both by this document and the Regulatory Impact Statement) is, do we need a NEPM for tyres?

Given this approach by the Federal Government there is the potential for a proliferation of NEPM's. Further investigation is still needed to ensure that a NEPM is the best approach or whether regulation at a Federal Level would be more appropriate.

Experience with the Packaging NEPM has shown that there can be inconsistencies between states in terms of application and timeframe of implementation of NEPMs.

***WALGA Recommendation 1: That the appropriate Agency further investigate other options for regulation regarding Product Stewardship arrangements, aside from a NEPM.***

### **Background**

The framework given in this document for the management of end-of-life tyres could be seen as limiting other government action regarding tyres. If the scheme fails in a particular state, it must be clear that the state government has the authority to act accordingly and introduce further measures to combat issues regarding tyres.

Much of the controversy around the National Packaging Covenant has centred on the definition of 'Complimentary Mechanisms' and different parties to the Covenants various understanding of the term. To avoid such a situation arising in the case of tyres, it is important that it be clear that the State Government has an absolute right to act (as given by its electorate) to resolve issues with a product. This extends to additional regulation where necessary at any time.

***WALGA Recommendation 2: That it be clearly established and understood that State Governments can make additional regulation regarding tyres where necessary.***

## **National Environment Protection Goal**

The Goals stated in this document differ from those in the other documents. It is understood that the NEPM is intended to support the Agreement; however, the goals in the NEPM document differ from those in the Agreement being somewhat broader in scope. Further commentary on this issue is included in the MWAC Submission – Overall.

## **Guidelines for imposing obligations**

This section is aimed at the producers who are not part of an approved Product Stewardship Scheme; for those producers section 2 provides for a collaborative jurisdictional approach. How this would occur effectively is strongly questioned. The situation where a tyre producer is recycling tyres in one state on the behest of another could be administratively complex. Clarity is needed regarding assigning responsibility – for example is the port of entry the initially responsible jurisdiction? Or is it a case of the jurisdictions working together to follow up the responsibilities of a tyre importer in their respective jurisdictions.

As identified in Section 13 the Commonwealth will be providing the data on importers to the States; a simpler methodology for imposing the obligations would be for the Commonwealth to identify those tyre producers who are not part of an approved scheme and coordinate the jurisdictional activity. As previously detailed, the states having responsibility for this regulation and implementation may not be the most efficient course of action.

## **Exemptions and enforcement of obligations**

The resources to carry out the exemptions and enforcements need to come from within the scheme itself, rather than be an additional cost imposed upon State and Commonwealth Government. If the Scheme funds its own regulation a clear idea of the cost of this type of regulation can be gained. It will also ensure that sufficient resource is allocated to the compliance regime.

***WALGA Recommendation 3: That the Scheme fund its own implementation and regulation absolutely.***

## **Review of the Measure**

The Agreement is at present set to be reviewed at the end of the 1<sup>st</sup>, 5<sup>th</sup>, 7<sup>th</sup> and 10<sup>th</sup> years. These reviews may be insufficient if any problems arise with the NEPM, particularly the gap between the 1<sup>st</sup> and 5<sup>th</sup> year review periods.

***WALGA Recommendation 4: That there is a review in year 3 of the Agreement.***

## **Information from tyre producers**

Records are to be kept according to the same requirements as the Agreement; there is however no mention of what will happen to these records once the eleven year period has lapsed. This information may be useful and have value beyond the eleven year

Agreement period. In regard to the auditing of the records, it is strongly suggested a random audit be arranged for a proportion of tyre producers annually.

***WALGA Recommendation 5: That random audits of a proportion of tyre producers with regard to this clause be conducted on an annual basis and that the records are kept after the eleven year period.***

### **Information supplied to the NEPC**

WALGA support the need for public reporting; however, there needs to be a clear set of Key Performance Indicators identified to ensure the content of the reports is detailed.

Any complaints received need to be clarified with regard to who and what they are directed at, such as illegal dumping or poor performance of the Scheme. There also needs to be a clear timeline set with regard to the reporting period, as soon as practicable is unmeasurable.

***WALGA Recommendation 6: That a clear timeline be established for the due date of reports; that complaints be more detailed to identify areas of concern, and that a clear set of KPI's be established on which to base the reporting.***



## Tyres NEPM Impact Statement

### Introduction

Much of the material contained in the Impact Statement is addressed in other documents (such as the Consultation Regulatory Impact Statement). Therefore there is some cross over between the various submissions.

Local government supports resource efficiency as an appropriate driver for policy and strongly supports the development of markets for tyre derived products (TDP's).

### Statement of the Problem

#### *Nature and Extent of the Problem*

The Impact Statement uses data from 2004; this will substantially affect the accuracy of market predictions and assessment of the current situation. The recycling figure given for end-market usage is 17%. However, later in this paper, recycling rates of 20-25% are included. In other documents different figures are used again, for example the Industry Scheme Brochure gives the figure as 25%.

***WALGA Recommendation 1: Use consistent figures throughout the document, or clearly identify why different figures have been used.***

Information is also provided in the section on the recycling rates achieved in other countries; these countries are stated as 'comparable to Australia'. This statement is never quantified. The United States may have some comparable areas, given population density and distance to market. However, comparing Japan and Europe to Australia may not be meaningful.

***WALGA Recommendation 2: If comparison with other jurisdictions is to be used to set targets, clear identification of the points of variation and similarity between Australia and those locations is needed.***

#### *Why Government intervention is required*

The primary reason for intervention is given as to "correct the market failures caused by environmental externalities of tyre fires and illegal duping of end-of-life tyres". There is strong support from local government for this reasoning. Local communities are the ones directly affected by illegal dumping, both in terms of environmental impacts, amenity and the economic cost of clean up. As this is the prime rationale for action, the action *must* ensure this consideration is achieved. As it stands, the proposed method will not achieve this outcome for much of the state of Western Australia. See Overall Submission recommendation on the need for targets which directly measure illegal dumping and need for transport subsidies.

This section also includes a description of the proposed scheme and a justification of the 90% recycling figure. Its inclusion is inappropriate as it does not add to the discussion on risks to the environment and public health. The inclusion of the statements in the Impact Statement confuse the purpose of this section of the document – from a statement of why government action is required to a justification of what action should be taken.

***WALGA Recommendation 3: The reasons for the selected approach be clearly segregated from a statement of the ‘problem’.***

## **Specification of Regulatory Objectives**

The Association has previously commented on the *Co-regulatory Framework* it was highlighted that co-regulation should not amount to self-regulation by industry alliances with free public policing of the free-riders. The danger is that such Agreements will be written entirely for the benefit of the industry, not the environmental outcomes they set out to achieve.

The desire to ensure the costs of tyre management as a price signal to consumers is supported. However, if the scheme is not fully effective in addressing the environmental impacts of illegal disposal, the cost signal will not reflect the true cost of tyre management, as this cost will still be borne by the local community where the tyres are illegally disposed of.

When identifying the value of a co-regulatory approach, including advantages such as increasing resource efficiency, there is no mention of decreasing illegal dumping or reducing environmental impacts. The document also states the “objective of the Tyres Product Stewardship Agreement is to ensure that full resource recovery from end-of-life tyres is realised by creating sustainable markets for end-of-life tyres in Australia”. This is only one of the objectives from the Agreement – the other two relate to preventing or reducing the environmental and human health risks associated with inappropriate disposal and reducing tyres to landfill.

***WALGA Recommendation 4: It should be clear that the prevention and/or reduction of impacts on human health and the environment are specific outcomes of the Agreement and Scheme.***

## **Identification and Analysis of Alternative Instruments**

Comments on the various options as follows:

‘Do Nothing’ – comments in the administration section seem to identify economic costs to industry. It is not clear how ‘negative signals to the tyre industry (and other sectors) currently negotiating with governments regarding’ and ‘decrease in tyre industry willingness to participate in product stewardship initiatives due to concerns with ‘free riders’ are economic impacts. These are more operational issues for future schemes.

‘National vs Individual State’ – ***The Association supports a national approach.***

As mentioned in the overall submission, the justification for a NEPM is not entirely convincing. Tyres are a product which is predominantly imported; the Commonwealth will be collecting the data regarding this import then, under a NEPM, distributing it to

States to follow up. There will be a duplication of process in every state, requiring staffing (although funded through the Scheme) and processing through all of the separate parliaments. It would seem from an efficiency point of view that it would be more straightforward for a national regulation approach to be taken. Further, in relation to the issue of levying a charge, at the point of import it would seem less administratively complex to put the charge in place there. That way all imports would be regulated and funds collected at point of import.

### **Description of the Tyres NEPM**

For comments on this section see MWAC Submission on NEPM (Tyres).

### **Identification of Alternatives and Analysis of Impact for Tyres**

For comments on this section see MWAC Submission on RIS.

### **NEPM Implementation**

For comments on this section see MWAC Submission on NEPM (Tyres) and MWAC Submission Threshold Study.

### **Consultation**

This section offers the only notes on how these documents have been prepared and provides a clear picture of why the documents have been formulated in their current manner. The consultation processes have mainly focused on the tyre industry - based predominantly in New South Wales and Victoria. There has been limited or, in some cases, no consultation with Local Government; consequently the Agreement and the Scheme are focused predominantly on the issues and concerns of the Tyre Industry.

***WALGA Recommendation 5: To ensure a comprehensive Scheme local government should be included in future consultation process.***



## 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.

<b>Loose Tyres - 85% of the Tyre market</b>					
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%
<b>Fitted Tyres - 15% of the Tyre market</b>					
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%
<b>Combination (Loose &amp; Fitted) – 100% of the Tyre market</b>					
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.***