

Parliamentary Briefing

Benefits of Tyre Recycling:

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Circulation: Federal Cabinet and Ministries; State Premiers, Chief Ministers & Environment Ministers



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Recommendations

1. The EPHC should approve the advancement of the Tyre Recycling Scheme in recognition of broad industry commitment, community support and significant economic and environmental benefits.
2. The Commonwealth should commit to providing free rider protection, reject the current RIS and finalise plans for tyre recycling in association with the Australian Tyre Industry Council (ATIC) and environment NGOs in the first quarter of 2010;
3. Environment Ministers note the barriers to achieving resource conservation and pollution reduction, evident in the narrow economic analysis of waste and recycling Regulatory Impact Statements, and expose the broader economic, environmental and employment benefits in a manner consistent with National Waste, Climate Change and Economic policy and to capture the assured resource flow benefits of an expanded domestic reprocessing industry.
4. The Commonwealth undertake an immediate review of wastes to be considered hazardous and other dangerous end of life products that should be subject to strict disposal control orders.

It has taken far too long

In 1992, Australia adopted a Waste Minimisation and Recycling Strategy establishing a direction and priority for waste management. The strategy prioritised tyre recycling, committing the Commonwealth to:

- facilitate, in cooperation with industry, the introduction of a voluntary levy system to enable the maximum recovery and reuse of used tyres; and
- establish an appropriate regulatory framework, principally at the State and Territory level, for the management of used tyres so as to encourage used tyre recycling in various forms.

At the Nov. 5, 2009 meeting of the EPHC, Minister Peter Garrett has the opportunity to deliver on the Commonwealth's longstanding commitment to introduce a national tyre recycling program, which has been stymied for nearly 10 years because the EPHC cannot provide a basic regulatory underpinning to ensure 'free riders' don't undercut responsible tyre suppliers. It has been a frustrating wait and we congratulate the great strides already being made to reinvigorate the EPHC as an effective decision making body, and thank Minister Garrett for the skill and leadership he has brought to his role as EPHC chairman. For the first time there is the opportunity for genuine progress in product stewardship while also balancing the 'seamless economy' agenda adopted by COAG under Prime Minister Rudd's leadership.

An unethical and dangerous precedent

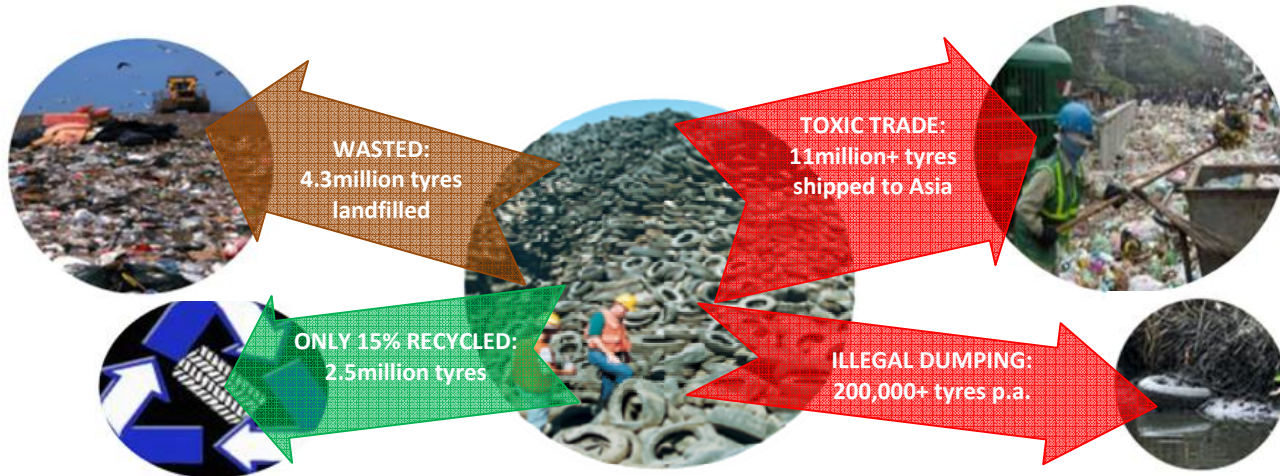
At the EPHC governments need to approve a 'decision' Regulatory Impact Statement (RIS) which based on existing RIS data could show a moderate net economic cost of <\$5million p.a. While this briefing will show that, in fact, the benefits far outweigh the supposed costs, we are disturbed by the dangerous precedent, where government may adopt a position that there is no tyre problem as recent trends sees over 60% of waste tyres dumped on our less developed neighbours, particularly Vietnam. The risks associated with waste tyres are well evidenced (see below). It is unacceptable that a Commonwealth regulatory assessment may establish a de-facto policy of promoting the export of dangerous wastes to developing nations as the preferred policy approach to recycling. This will discourage the private sector from embracing product stewardship; flaunt the intent of the Basel Convention; undermine the proposed National Waste Policy; and is a despicable example of the 'irrational rationalism' undermining the regulatory assessment process.

The Boomerang Alliance:

- Australian Conservation Foundation • Arid Lands Environment Centre • CleanUp Australia •
 - Conservation Council of South Australia • Conservation Council of Western Australia •
- Environment Centre of the Northern Territory • Environment Tasmania • Environment Victoria •
- Friends of the Earth • Greenpeace Australia Pacific • Local Government & Shires Association of NSW •
 - NSW Nature Conservation Council • Queensland Conservation Council •
 - Tasmanian Conservation Trust • Total Environment Centre •

There is a strong ‘case to act’ that far outweighs a supposed cost of less than \$5million p.a. i.e., extinguishing the unethical export of waste tyres to developing nations, along with the well known relationship between used tyres and the spread of vector borne diseases such as Dengue Fever; evidence that over 180,000 tyres are illegally dumped each year; and the considerable pollution that waste tyre fires have on human and environmental health. Further a cost of \$5million p.a. represents a relatively small proportion of the estimated \$193million the tyre industry will invest in tyre recycling over the next 10 years and is dwarfed by the \$810million in new recycling and energy sales identified in the ATIC business plan.

THE REGULATORY ASSESSMENT PROCESS DEFINES THIS AS EFFECTIVE PRODUCT STEWARDSHIP

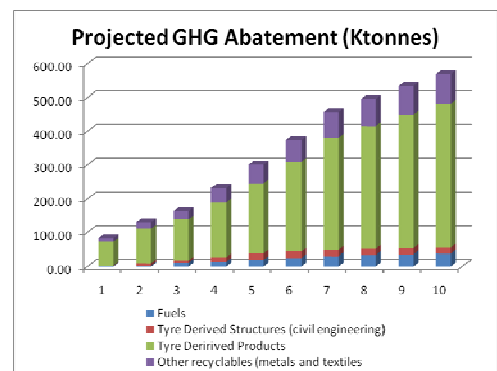
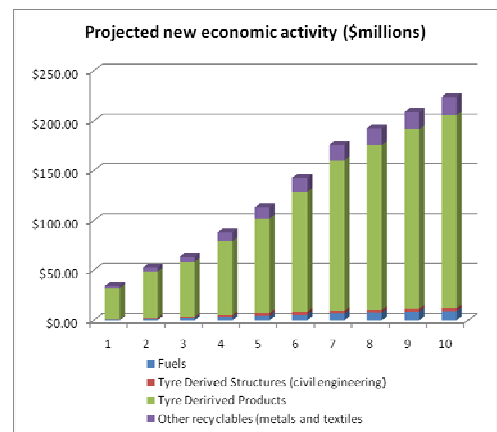


Stakeholders remain wary of the way certain costs and benefits are treated within the current RIS process. Unfortunately, as witnessed in the RIS for plastic bags, mobile phones and the current TV and computer schemes, there is a lack of ‘hard data’ studying the benefits that recycling provide to the Australian economy, and no agreed process for placing economic values on environmental benefits. The RIS process consistently undervalues the vibrant recycling-driven manufacturing that is a powerhouse of the Australian economy, when you consider that Australian Blue Chips like Alcoa ARP, Amcor, OneSteel, Sims Metal, and Visy describe themselves as recycling dependent. Recycling generates \$12billion p.a. in revenues, delivers upwards of 1.2% of Australian GDP¹ and employs over 10,000 workers, many of whom are amongst Australia’s best paid green collar workers earning \$65-80,000 p.a.²

Recognise the broad economic and environmental benefits

One features of the tyre industry recycling scheme is a strategy to build a self sustaining tyre recycling industry. To this end, rather than provide moderate long term subsidies the scheme creates a bias towards the activities that deliver the highest economic and environmental return. New industries making vulcanised rubber products, road bases and new low emissions fuels and energy will be stimulated by the proposed tyre industry recycling scheme where a tonne of waste tyres is converted back into a feedstock. Ultimately tyre derived products will sell for some \$440 per tonne; a strong economic multiplier on a resource that would otherwise be lost to the productive economy – an important strategy for construction, civil engineering, electricity generators, cement kilns, and mining companies to reduce greenhouse intensity.

Based on past performance and the earlier tyre scheme ‘consultation RIS’, we suspect the current analysis has failed to



¹ ACOR Australian Recycling Values 2006

² Ch 9: Current Affair 15/7/09

estimate GHG savings and their economic value. The benefits are significant - some 3.3Mt of GHG over 10years, saving the economy around \$66million. Fully implemented annual GHG savings will be some of 569,000 tonnes of CO₂-e p.a. The projected \$810million in sale of tyre derived products will also deliver some \$74million in new GST income. GST and CPRS revenues alone demonstrate a \$139million boost to government revenue for an assumed total economic cost of between \$40-\$50million.

Simply put the current RIS process represents an exaggerated picture of the costs and discounts the economic value of the benefits – a somewhat ridiculous equation given that recyclers only receive the benefits if they both recycle the waste tyre but also sell them to an end use (benefits are paid at a rate of 20% of commercial value paid for the recycled products).

The key outcomes over the initial 10 year period and ongoing annual benefits are summarised below:

Cost / Benefit	Impacts over 10 years scheme will operate	Ongoing Annual Impact (from yr 11)
Investment into recycling by the tyre industry	\$193million	Nil
Nett economic cost to manage end of life tyres	\$20-\$50million	Nil
New GDP - tyre derived products and fuels	\$810million	\$137million p.a.
New GST - tyre derived products and fuels	\$73.65million	\$12.52million p.a.
Greenhouse Gas Savings	3.3million tonnes (Co ₂ -e) \$66million @ \$20/tonne	569,000 tonnes (Co ₂ -e) \$11.4million @ \$20/tonne

Consumer impacts are minimal

The impacts on consumers are relatively small. If the average 2 car family purchases 3.4 tyres p.a., the charge which will be transparent to the consumer is a paltry \$2.82 per household (\$0.83/tyre). An amount we believe customers are happy to pay and of little consequence compared to the benefits outlined above. We also note that research undertaken for the Pew Environment Group by Essential Research in October last year found that:

- **Recycling ranked in the top 3 environmental issues with 91% of the public seeing it as important – outranking high profile issues like climate change (83%), salinity (85%) and urban sprawl (84%)**
- **Recycling ranks 7th in the public’s environmental priorities for increased government spending.**

It may be surprising that the tyre industry and the environment movement have joined together to plead with government to allow an industry to invest nearly \$200million to take responsibility for its products. The case should be obvious to government. Equally, it is even more baffling that the so called ‘best practice’ approach to regulation would seek to stop a proposal that may on its own terms of economic assessment identify a cost of between \$20-\$50million over 5 years because it is unable to appreciate that the opportunities ‘downstream’ providing new sources of energy and new manufacturing activities in the order of some \$810million. When you then consider that another rationale for inaction is the export of over 11million hazardous tyres to our less developed neighbours - it is clear the process is now ludicrous.

When Minister Garrett announces the new National Waste Policy Framework, there could be no more fitting way to highlight the fact that government is getting on with delivering long overdue commitments of past governments by finally allowing the tyre industry and community to enjoy the recycling scheme they have long demanded. We echo the guiding principle of Basel Action Network the peak international voice against international trade in waste:

“THE EXPORT OF TOXIC WASTES TO POORER ECONOMIES FOR RECYCLING IS AN UNACCEPTABLE TRANSFER OF POLLUTION TO THOSE LEAST ABLE TO AFFORD IT. IT CAN ONLY BE JUSTIFIED BY BRUTE ECONOMICS AND NOT FROM A MORAL OR ENVIRONMENTAL STANDPOINT. SUCH TRADE LEAVES THE WORKERS IN DEVELOPING COUNTRIES WITH A CHOICE BETWEEN POVERTY AND POISON - A CHOICE NOBODY SHOULD HAVE TO MAKE. MOREOVER, BY ALLOWING A CONVENIENT ESCAPE VALVE FOR RICH CONSUMPTIVE SOCIETIES AND MANUFACTURERS, IT STIFLES THE INNOVATION NEEDED TO TRULY SOLVE OUR TOXIC WASTE PROBLEMS THROUGH “GREEN” DESIGN AND CLEAN PRODUCTION. WE MUST ALL DO OUR PART TO REAFFIRM THE BASEL CONVENTION COMMITMENT TO BAN THIS DESTRUCTIVE TRADE.”

Please take immediate action to stop Australia’s toxic trade on tyres and commit to finalizing the long overdue tyre recycling scheme at the November 5th meeting of the EPHC in Perth.