

# An Industry Model End-of-life vehicles

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## Fact 1

The NMVTRC report that for the period 2015/16, 15,617 stolen vehicles were not recovered. 9,873 of these were passenger vehicles.



## Fact 2

In one Melbourne municipality alone 1,532 reports were received of derelict, unregistered or abandoned vehicles, in one year.

The same council also impounded 229 vehicles in the same year with only 26 reclaimed by owners.



## Fact 3

Recent research reported.....

“It could be argued that the current Australian framework for the treatment of ELVs is not sustainable.....for a waste management system to be sustainable, it needs to be environmentally effective, socially acceptable and economically affordable”.



# Background-Task Force Discover

- Task Force Discover was established in 2014 to examine how the motor vehicle wrecking and scrap metal industries may harbour profit motivated vehicle theft
- 432 Victorian businesses interpreted to be *Dismantlers or Scrap Yards* were visited
- VACC estimates that around 150 of these operators are legitimate vehicle recyclers



# Levels of non-conformity

- The report provided a numerical benchmark for the size of non-conformity and potential illegal activity in the industry
- 199 (or 46%) recyclers were assessed as holding the wrong licence or no licence at all, most breaches were in respect to environmental and workplace laws
- There is a growing recognition that state governments must support industry by using data and their own intelligence to close non-compliant businesses.



# Industry seeking a shared solution

- Industry is frustrated at the lack of action from regulators
- Industry understands a national solution may be difficult to achieve. Victoria should take the lead
- There is strong vehicle recycling industry support for the removal of cash-for-scrap dealings
- VACC members want an industry led and government supported national system for the acquisition and decommissioning of ELVs.



# Industry seeking a shared solution

- An ELV system could be established upon the appointment of Accredited Treatment Facilities or other 'approved' dismantler providers
- As the vehicle fleet grows so too will be a growing demand to manage the rate of vehicle recycling and to manage non-compliant dealers.

	National Fleet 2016	ELV%	ELVs
Total Australia	18.4 million	4.4	800,000
Total Victoria	4.7 million	4.4	208,000





# Industry seeking a shared solution

- Legitimate recyclers know how to process ELVs and they should be used as a resource in the design of a better system
- Most already have good infrastructure in place
- Generational change is occurring across the entire RS&R sector and 'old school' businesses that fail to grasp change will close (MTAA 2014)
- Many have adopted Greenstamp Plus Accreditation and this should be mandatory in any accreditation program.



# Industry seeking a shared solution

- A recent study by RMIT PhD student Mehdi Heyadati reported that little is known about the identification of a sustainable business model to implement a sustainable ELV reclamation program in Australia (Heyadati 2016)
- Even though there are good overseas models for government to examine there appears to be a reluctance to move on this issue
- A key underpinning issue relates to the costs associated with vehicle recycling and business viabilities
- Variability in metal pricing is a key destabiliser in the industry and is a factor that encourages back-yarders.



# Hedayati Report

- The same report highlighted Australia's lack of policy in the correct treatment of non-metallic materials, which can encompass up to 30% of a vehicle's mass
- We rate poorly in terms of how we treat these wastes and the rate of landfill from shredded plastics is around 240,000 tonnes annually
- We lack government/industry discussion on the generation of energy from wastes
- Some countries filter non metallic waste through 7 treatments to generate high grade recyclable materials.



# Hedayati Report

- The study identified that ELVs are often abandoned as a direct result of costs associated with the transportation of vehicles to recycling plants
- It advocated a “shared responsibility” which included vehicle manufacturers as part of the solution
- Markets with much smaller vehicle fleets than Australia (Denmark, Belgium) have ELV schemes, which means smaller vehicle volumes can sustain viable recycling systems
- The report indicated that in most countries with schemes in place recyclers manage far more vehicles than the average Australian recycler.....



# Decommissioning?

- APRAA has arrived at a benchmark figure to determine the cost to industry to decommission ELVs
- National participation from APRAA members calculated a benchmark figure of \$391 to decommission a vehicle to environmental standards
- Data extracted from over 1,000 data entries from Feb/Sept 2016
- Participating APRAA Members from Regional and Metropolitan areas
- Processes based on UK ELV Program, slight customising to local conditions.



# So what are the real costs of decommissioning?

Action	Average cost	Employees used
Source vehicle	\$172	2
Decommissioning	\$100	3
Other processes	\$119	2
<b>Total</b>	<b>\$391.00</b>	<b>2.33</b>

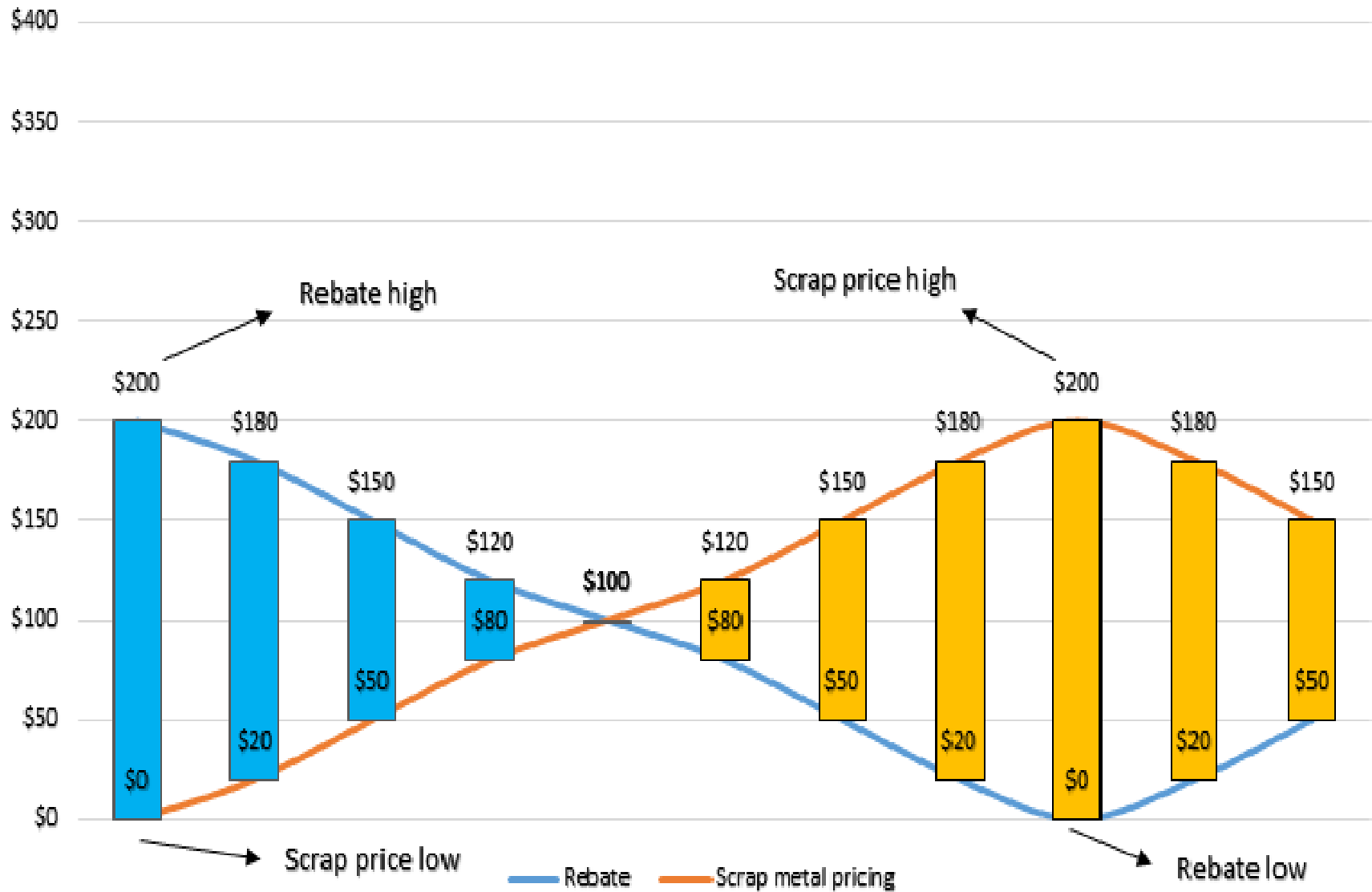


## Part of a solution

- Industry led, government supported product stewardship scheme, funded by creation of ELV Recycling Fund and Register
- We already see successful programs such as the Tyre Stewardship Australia, a model that could be used as a template for ELV Stewardship
- Fees should be levied as part of a vehicle import tax and not loaded on to local dealers.

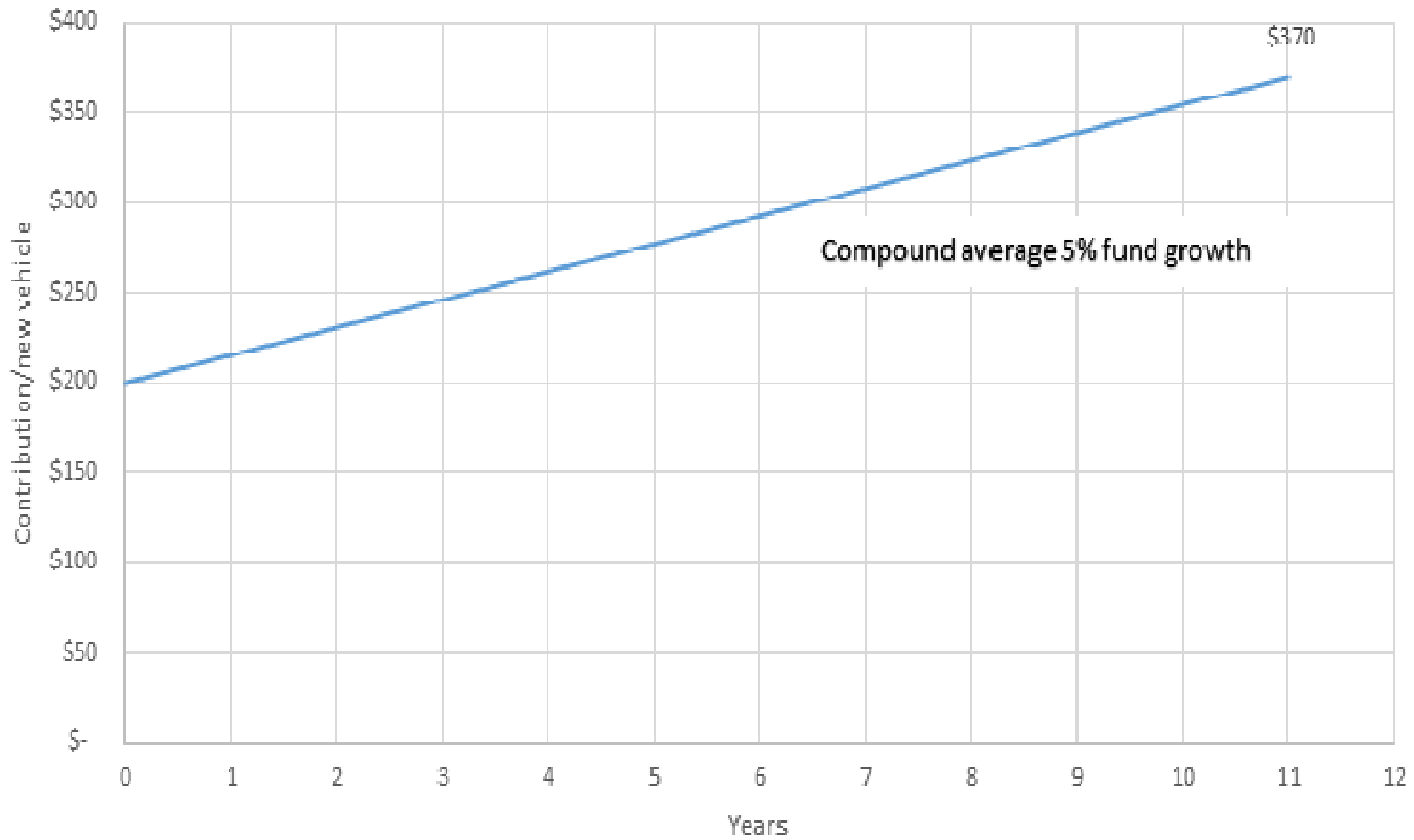


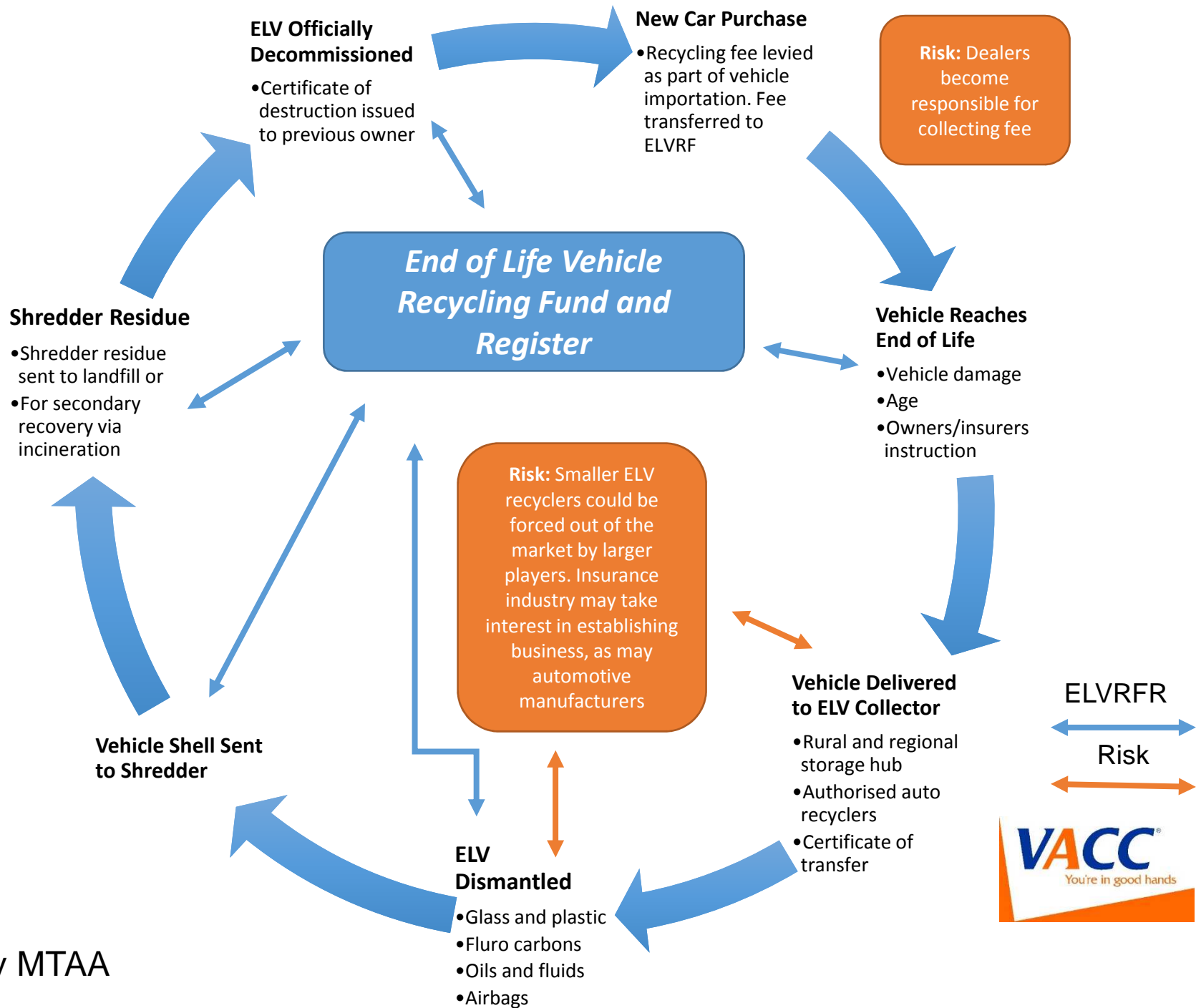
# Vehicle Recycle Rebate Index





## End of Vehicle Life Recycle Fund Typical vehicle contribution based on \$200 levy





Courtesy MTAA

# ELVs and the WOVR

- Government must mandate that all ELVs be included on the Written Off Vehicle Register
- There are significant community benefits if ELVs were included on the WOVR
- There are many reasons why accounting for the retirement of all ELVs is needed and is well overdue.



## Benefits of ELV inclusion on the WOVR

- Limits the shredding of evidence from vehicle theft
- Limits the theft of vehicles for scrap metal value
- Limits the illegal re-use of VINs from ELVs
- Reduces the ease of disposal for insurance fraud
- Reduces the unlicensed trade in motor vehicles for scrap
- Prevents unauthorised disposal of vehicles by anyone other than the legal owner
- Reduces the 'Cars for Cash' economy
- Reduces the numbers on enterprises handling ELVs inappropriately
- Provides more accurate data on vehicle retirement.



## Dealing with a root cause....repairable write-offs

- The industry needs a robust discussion on the use of repairable write-offs
- Would the removal of these vehicles from the recycling process balance with an increase in community safety?
- Should there be a subsidy to compensate the recycler who recovers less from this type of vehicle?
- Is this the responsibility of the insurance industry....why don't they pay the difference?



## Introduce improved export controls

- With experience and no barriers to business the illegitimate industry becomes more sophisticated
- They are likely to have established contacts/markets in Asia, Africa and the Middle East
- Unpacking containers for inspection at export is a difficult and long process
- The next generation of car thief is skilling up
- Any automotive specific container should have PPSR – NEVDIS certificates attached.



# Introduce improved export controls



# Recommendations for action

- Enforcement of current regulation is urgent
- Convene a national taskforce similar to Taskforce Discover
- Engage with the ACCC on ELV Product Stewardship Scheme to model-up a similar program
- Engage with National Government to seek support and potential seed funding
- Should a call be made on the ATS funding?





# Recommendations for action

- Legislation enacted to ban cash for scrap payments
- Robust analysis/investigations to focusing on auction houses, Gumtree.com, eBay, Carsales.com to determine who is purchasing these vehicles, and why?
- Licensing for vehicle/vehicle parts exporters
- Buyers must be licensed at salvage auctions
- Harmonisation of written-off vehicle legislation
- Adoption of ELV systems based on Japan or UK systems.

