



South Australia

Environment Protection Authority

GPO Box 2607 Adelaide SA 5001

211 Victoria Square Adelaide SA 5000

T (08) 8204 2004

Country areas 1800 623 445

Ref: EPA 05/12286

GISA 79/0393

Ms Marie Dalins
Director
Adjudication Branch
ACCC
GPO Box 3131
CANBERRA ACT 2601

Dear Ms Dalins

Re: Tyre Stewardship Australia application for authorisation - AA1000409

Thank you for your letter dated 13 December 2017 inviting comment on the application from Tyre Stewardship Australia (TSA) for authorisation to continue a voluntary, national Tyre Stewardship Scheme (TSS).

The South Australian Environment Protection Authority (EPA) and Green Industries SA (GISA) support continuation of the TSS to improve the management and outcomes for end-of-life tyres (EOLT) generated in Australia, consistent with the principles of the waste management hierarchy and the Circular Economy. We also look forward to working with Federal, state and territory governments, and the TSA to ensure the effective operation of the TSS.

Currently, the vast majority of Australia's EOLT are disposed through landfill, export, stockpiling or illegal dumping with only a small proportion recycled or used as a fuel for energy in Australia (eight per cent as reported by the TSA's Annual Report 2016-17). There is also continuing uncertainty about the fate of a significant proportion of used tyres.

In South Australia, an estimated 18,400 tonnes of tyres were resource recovered in 2015-16. The majority of these were shredded and sent overseas for energy recovery. This represents about 60 per cent of EOLT generated in South Australia.

Disposal through export, landfilling or dumping represents the loss of a valuable resource to the Australian economy and there is an economic, environmental and social cost to Australian communities where EOLT are not managed responsibly. Examples in recent years include tyre fires in Queensland and Victoria, and the dismantling of a tyre stockpile in Victoria.

It is noted that most major brand owners are now participating in the Scheme, the TSA has established an accreditation process as well as implemented a research and development fund.

The continuation of the TSS aligns with the goals of South Australia's Waste Strategy 2015-2020 (the Waste Strategy). A key objective of the Waste Strategy is to build a resource efficient economy where the best or full value is secured from products and materials produced, consumed and recovered across the State. There are specific priorities for action in the Waste Strategy focussing on supporting extended producer responsibility, and encouraging continuous improvement in existing producer responsibility and related schemes for problematic waste streams such as EOLT.

To address 'free-rider' issues associated with the voluntary TSS, meet key performance targets and increase tyre recycling, as well as improve other aspects of the Scheme. South Australia supports the implementation of all the recommendations from the Independent Review of the TSS and TSA by Marsden Jacob Associates apart from the removal of the performance target relating to resource recovery and recycling rates of EOLT

attributable to the Scheme. South Australia would like the TSA to continue to explore measurement options for this performance target, rather than the removal of the target. Other suggestions for improvement are:

- improved engagement with the recycling industry to become members of TSA and be represented on the TSA Board
- increased focus on member recruitment to address 'free-rider' issues
- establish key performance indicators for the operations of TSA with regular reporting, including state by state reporting, such as specific target on EOLT going to an environmental sound use domestically
- review the current charge of 25 cents per passenger tyre to cover the cost of appropriate recycling and potential use for cleaning up stockpiles
- bring forward the review of the TSS from 2022 to 2020

Should the ACCC determine not to provide authorisation to TSA for the continuation of the TSS, there is the potential for significant economic, environmental and social impacts associated with the improper management of EOLTs generated in Australia.

In July 2017, Federal, state and territory governments endorsed a National Market Development Strategy for Used Tyres 2017-2022 (the Strategy), which will assist administration of the Scheme. The Strategy provides a framework for a national approach to market development for tyre derived products (TDP) to improve market conditions to better manage EOLT and drive the growth of a domestic TDP market. Subject to the authorisation of TSA by the ACCC, the Strategy will be implemented by TSA and overseen by Federal, state and territory governments.

The EPA and GISA consider that on balance it is in the public interest to continue the TSS and for the Scheme to be administered by the TSA, noting that there is considerable room for improvement in the performance of the Scheme.

For further information on this matter, please contact Kerryn Southern, Project Officer on (08) 8204 2682 or kerryn.southern@sa.gov.au.

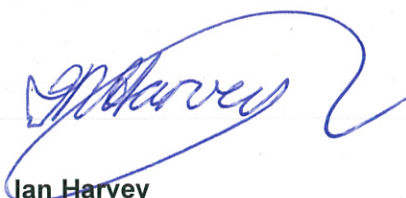
Yours sincerely



Tony Circelli

**CHIEF EXECUTIVE
ENVIRONMENT PROTECTION AUTHORITY**

Date: 5/2/2018



Ian Harvey

**ACTING CHIEF EXECUTIVE
GREEN INDUSTRIES SA**

Date: 5/2/2018