



Level 28
Urban Workshop
50 Lonsdale Street
Melbourne VIC 3000

sustainability.vic.gov.au

Twitter: @susvic

ABN 62 019 854 067

2 February 2018

Marie Dalins
Director Adjudication Branch
Canberra
ACT 2601

Dear Ms Dalins,

RE: Tyre Stewardship Australia application for authorisation AA1000409

I am writing in response to your invitation to comment on the Tyre Stewardship Australia (TSA) application for authorisation lodged with the Australian Competition and Consumer Commission (the ACCC) on 5th December 2017.

Sustainability Victoria (SV) considers there is a significant public interest in the continued authorisation of the scheme and are of the view that TSA plays an important role in End-of-Life-Tyre (EOLT) management in Australia. SV is an active supporter of TSA and the national Tyre Stewardship Scheme (the Scheme). SV regularly liaises with TSA and since 2015 SV has co-funded four market development projects and co-sponsored a TSA industry event in December 2015.

SV is particularly pleased to have recently worked with TSA and the governments of Queensland, New South Wales and Western Australia to develop a National Market Development Strategy for Used Tyres in 2017 and looks forward to TSA's ongoing involvement to implement this work. SV believes that this collaborative model of work can be applied by TSA to other projects and stakeholders for EOLTs.

It is SV's view that TSA provides many benefits through its accreditation and compliance activities, its market development interventions and its advocacy efforts to increase the environmentally sound use of EOLTs. SV applauds TSA's authorisation amendment proposal to use its funding activities to prioritise projects and technologies which increase the capacity for the use of tyre derived products (TDPs) generated from EOLTs.

However, whilst SV is broadly supportive of the re-authorisation of TSA to deliver the Scheme, SV does have some concerns with aspects of the authorisation submission. These concerns are based on SV's knowledge of the current management of EOLTs across Australia and informed by the TSA-commissioned, Marsden Jacob Associates (MJA) 'Review of the Tyre Stewardship Scheme and Tyre Stewardship Australia'. These concerns are detailed below.

Ten-year authorisation

Specifically, SV is of the view that the proposed ten-year authorisation will not provide relevant Commonwealth, state and territory environment agencies, and local government, adequate opportunity to review progress of TSA in administering the Scheme. SV supports an authorisation duration that provides government with an opportunity to review progress sooner than ten years. SV encourages TSA alignment with the Australian Government voluntary product stewardship five-year accreditation process.

SV also notes that reviewing TSA's proposed amendments has been difficult as a 'marked-up' version of changes has not been made publicly available. Specifically, some changes have



been clearly identified in the 'Submissions in Support of Application for Authorisation' document whilst others have been described only, requiring the reader to cross-reference the original guidelines with the new guidelines – an arduous task.

Performance measures and targets

This concern stems from the MJA Review which found that TSA had not achieved several performance targets in its initial five-year authorisation term including:

- Increasing the number of participants in the Scheme to 90%
- Increasing environmentally sound use of EOLTs to 50% in five years
- Demonstrating a link between EOLTs resource recovery rates and the Scheme

SV is of the view that through its inability to meet several performance targets, TSA in the short-term must demonstrate its ability to achieve both existing and any newly amended performance measures in a timely manner rather than reviewing progress again in a decade from now.

Whilst SV acknowledges that there are some real and practical issues with the existing authorisation guidelines, SV has provided comment in this response about some of the proposed TSA amendments that it believes need further work in order to achieve an effective and robust tyre stewardship scheme.

In line with the above concerns, SV notes that many of the recommendations stemming from the MJA Review called for renewed performance targets to be achieved by 2020 yet TSA's submission aims for 2028. SV is concerned that greater acceleration in progress is required and that a ten-year authorisation with limited government oversight may result less than desirable outcomes.

Limiting reporting to TSA participants and environmentally sound use

SV is also concerned that by the TSA proposal to only report on the fates of EOLTs managed by TSA participants, may result in a distorted image of the EOLT state of affairs in Australia. It is the expectation of SV that TSA should continue to actively working to achieve environmentally sustainable outcomes for all EOLTs in Australia not just that of its participants. Similarly, by reducing the scope to focus on reporting only on TSA participants, SV is concerned that this may reduce TSA's ongoing participant recruitment efforts.

TSA's proposed amendment to only report on the fates of EOLTs going to an environmentally sound use, instead of all fates, will be meaningless if reported out of context alongside the other fates of EOLTs. By reporting on all end of life outcomes, TSA can provide a true account of the impact it is having on EOLTs in Australia not just the positive stories. If EOLT generation continues to increase, as it is forecast to do, then it is imperative that there is an increase of environmentally sound outcomes commensurate with the growth of EOLTs.

The MJA review recommends an amended 'environmentally sound use target' of 50% by 2020, yet TSA has presented incrementally increasing targets of 50% by 2020, 75% by 2023 and 90% by 2028. Whilst such aspirational targets are to be applauded, SV questions how TSA proposes to achieve these ambitious targets? Especially as it has failed to meet its original 5-year target. If TSA is to commit to such targets, SV encourages TSA to seek Australian Government voluntary product stewardship accreditation for a five-year period to publicly demonstrate it is meeting its commitments.

Levy expenditure reporting

Another concerning proposed amendment is the removal of performance measures requiring a breakdown in levy fund expenditure. Specifically, SV believes that if TSA accepts funds collected under a levy then it should be required to continue to provide a breakdown of how levy funds were spent including a detailed explanation of how this expenditure of levy funds contributes to the objectives of the Scheme. SV notes that TSA proposes to include this in its annual report however SV forms the view that this should continue to be a performance measure.

Tyre stockpiles

In line with these concerns about the TSA submission, SV is also concerned about a lack of response from TSA to recent feedback from Commonwealth, state, territory and local governments about TSA's unwillingness to respond to the ongoing challenges presented by tyre stockpiles. SV recognises that TSA was not initially established to respond to legacy stockpiles but notes that TSA has been now operating for five years during which time stockpiles have continued to grow in many jurisdictions.

Tyre stockpiles continue to be an ongoing challenge across Australia with several tyre stockpile fires in Victoria in recent years and in 2017, EPA Victoria took the unprecedented action to clean up Australia's largest tyre stockpile in Stawell at considerable financial cost to Victorian taxpayers. It was interesting to note that in its submission, TSA suggests that it has the capacity to reduce the significant costs incurred by State Governments (citing the Victorian EPA and Stawell) yet does not articulate or commit to how it will intervene. For example, there is no mention of addressing stockpiles in the TSA one-page Strategic Plan 2017-2020. SV believes that TSA, representing best practice management for the tyre sector, has a responsibility to respond to the ongoing tyre stockpile challenge in Australia.

Overall, SV supports the re-authorisation of TSA to deliver the Scheme, however it cautions against a ten-year authorisation period in favour of a similar duration to its initial five-year authorisation period. And similarly, whilst SV supports many of TSA's proposed amendments, it has concerns about striking the right balance to maximise TSA's effectiveness to deliver a truly national product stewardship scheme.

If you wish to discuss these matters further, please contact Karl Shanley, Acting Manager Resource Recovery Strategies & Programs, Sustainability Victoria on 03 8626 8741 or karl.shanley@sustainability.vic.gov.au.

We value and appreciate this opportunity to comment on TSA's authorisation application and look forward to continuing to collaborate with TSA to manage EOLTs in Australia.

Yours sincerely,



Stan Krpan
Chief Executive Officer