

TYRE PRODUCT STEWARDSHIP SCHEME

Feedback on Guidelines for the Tyre Product Stewardship Scheme



Submitted by: GREEN DISTILLATION TECHNOLOGIES PTY LTD

Level 5, Trak Centre, 443-449 Toorak Road,
(PO Box 197)
Toorak Victoria 3142

Contact: Roger van der Lee
Commercial Manager
Ph: 03 9826 2335
M: 0419 474 474
E: roger@gdtc6.com

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As GDT is concerned with energy recovery from end of life tyres ('recycler' in the Guidelines paper), our feedback is selective.

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1. GDT SUMMARY STATEMENT

The objectives, principles and scope of scheme are acknowledged as a necessary development to resolve the environmental problem for disposal of end of life tyres (ELT's).

While GDT's interest is primarily concerned with energy recovery from tyres, we have a firm view that a model based on regulation rather than a voluntary scheme will be necessary to reach and sustain the objectives and performance measures articulated in the discussion paper. Competitive pressure is likely to negatively impact on the level of commitment to the scheme by those who risk being disadvantaged commercially.

As a recycler (under the term in this paper) we are concerned that the data classification for reporting the fate of ELT's by Participant Recyclers lists options we consider are not an environmentally sound use. This may be a reflection of current practice or market demand, but would seem to undermine the intent of the scheme to remove such destinations as an option for Australian ELT's.

Based on the data provided in the discussion paper, the industry will be burdened with an additional \$12m of cost per year and another level of bureaucracy, without any guarantee on a level of compliance or control of additional fees or charges imposed in the supply chain. The cost will ultimately be borne by the consumer, without a commitment that their ELT is being disposed of in an environmentally acceptable way.

GDT believes that a levy mandated by Government through the Environment Protection Authority with consultative input from the industry is required. The income could be a consolidation of the levy from the tyre importer/manufacture and the retail disposal charge made at the point of sale. The division of the income derived should be allocated across the relevant stakeholders, including:

- EPA (Government), whose role would be to audit compliance as an independent body, at a State level.
- TSA (with a reduced administrative role to that articulated in the paper).
- The retailer
- The collector
- The recycler.

As far as possible, a levy cost at the retail point of sale should be consistent nationally, with rates established for (a) capital cities and major population centres, (b) country regions and (c) remote areas (and possibly Tasmania in the absence of a local recycling facility). The variable component of cost is freight for ELT collection.

The voluntary scheme would derive much greater strength if the tyre importers were required to adopt supply conditions applicable to their retail / franchise network, making accreditation to the scheme mandatory, rather than to "*promote participation...*".

It noteworthy that a voluntary model in New Zealand failed to deliver on their end of life (EoL) tyre objectives and a mandatory disposal levy process is now being developed in consultation with the Government.

We are open to discussion on our feedback and our energy recovery process.

2. COMMITMENTS (Question Box 2)

2.1 Are these general commitments appropriate, particularly in reference to the principles and objectives of the scheme?

While the commitments are reasonable at face value, self regulation within an industry is usually problematic due to conflicts of interest and an imbalance of power and influence in the market. Achieving and sustaining the high level results for the performance measures stated in 2.4 will be difficult in a voluntary scheme.

2.2 Do they impose an unreasonable burden on those that might consider becoming participants?

No, the commitments are not unreasonable. However, unreasonable commercial burdens resulting from commitment to the requirements of the scheme by an accredited Participant who is disadvantaged by competing with either

- (a) a non participant, or
- (b) a Participant who is non compliant.

For (a) above, presumably there is little TSA can do other than encourage participation in the scheme. If non Participants continue to be successful, the motivation to be accredited is diminished and accredited participants in the scheme would question the value of remaining accredited.

For (b) above, the questions are;

- how long would it take for TSA to identify the breach of commitment?
- what mechanism would be used to revoke accreditation (bearing in mind every Participant lost weakens the scheme, and voluntary systems quickly lose support in the those circumstances)?
- What impact would revocation of accreditation have? In the event that the business remains viable, the value of accreditation is reduced.

2.3 Should there be additional general commitments?

The potential gate keepers in this scheme are the importers. If their commitment included a REQUIREMENT that all retailers selling their product be accredited as a condition of the supply of tyre stock, a first level of commitment leadership would be marketable and enforceable up to the ELT collection stage.

3. CONSULTATION PROCESS (Question Box 3)

3.1 Are the processes for audits, revocation, resignation and re-applying clear and reasonable?

We believe the audits should be undertaken by resources independent of the industry (ref. 2.1).

While the overall process articulated in terms of general structure appears reasonable, the absence of details on the information to be assessed and the cross referencing of data linked through supply chain inter-actions (eg. for a retailer, their new tyre suppliers and their ELT collector), prevent a definitive answer.

3.2 Will the audit processes impose an unreasonable burden on those that might consider becoming participants?

No. The key information required should be available from business administration systems in most businesses, or it is easily recorded manually.

4. COLLECTORS (Q7)

4.1 Are the specific commitments for collectors appropriate given the principles and objectives of the scheme?

The collector activity is a critical control phase in the scheme. It is at this stage that the ELT's have the greatest potential to be directed to a destination outside the scope of the scheme. The data records will be (or should be) subject to validation from both links of their supply chain (the retailer and the recycler). Environmentally sound use?

Some better than others?

4.2 Do they impose an unreasonable burden?

No. For the reasons stated above, control, recording and reporting mechanisms need to be as robust as possible.

4.3 Should there be additional commitments?

It depends on the extent of the role of the audit team and the regularity of audits. Electronic reporting of data from resellers, collectors and recyclers based on the TSA registration number for each, would validate collectors performance. Analysis of the data monthly by TSA would highlight discrepancies and act as a trigger for audit follow up.

4.4 Are the documentation requirements appropriate and reasonable?

Yes. The requirement needs to be more demanding, eg. "collector *must*" (rather than should) "retain copies of all dockets/receipts....."

The information in the documentation needs to be put to use by transferring it to an electronic medium for reporting purposes (ref. 4.3).

4.5 Could currently used documentation be easily adapted for these requirements?

No comment

4.5 Is the advice clear and complete?

No comment

4.6 Is the standard scheme docket useful?

Yes. Some consolidation of tyre size groups for simplification would be desirable. **5.**

5. RECYCLERS (Q7)

5.1 Are the specific commitments for recyclers appropriate given the principles and objectives of the scheme?

Yes. There is a disconnect (in our interpretation) between the specific commitment 1.2 (a) (page 61) and some of the fates for ELT's listed in the table on page 62, eg. Landfill, Export, Cement kiln fuel.

5.2 Do they impose an unreasonable burden?

The classification by tyre type (21 are listed) is onerous. Conversion to EPU's requires knowledge of the weight applicable to each. We would prefer to use tyre weight as the unit for costing and reporting.

5.3 Should there be additional commitments?

A value assessment of the individual options for "environmentally sound use" should be considered to provide a rating for the process. This could imitate the star ratings applied to car safety or appliance efficiency, ie one to five stars, the more stars the better.

The rating would be applied at accreditation and promoted by TSA and the industry to maximise the benefits of ELT's. Factors considered in the rating could include;

- Energy used in the recycling process
- Energy recovered from ELT's
- Emissions created as a result of the recycle process
- Emission created as a result of the application of the products produced
- Demand for the products produced and reductions in imports

5.4 Are the documentation requirements appropriate and reasonable?

The reporting timetable (ref. 1.3) for data to be sent to TSA – a three month post quarter reporting period seems excessive. Potential risks resulting from a breakdown in compliance by a high volume operation may emerge unknown to TSA.

5.5 Could currently used documentation be easily adapted for these requirements?

No comment.

5.6 Is the advice clear and complete?

No comment.

5.7 Is the standard scheme docket useful?

Yes.

R. M. van der Lee Date: / /