

Question 10. – How could the framework be strengthened to ensure responsibility along the whole supply chain – waste generator, transporter, processor and customer?

The thresholds for determining whether or not a site needs to hold an Environment Protection License (EPL) are currently set as:

- 1,000 tonnes or 1,000m³ of waste on site at any one time or processing more than 6,000 tonnes per annum (Regulated Area).
- 2,500 tonnes or 2,500m³ of waste on site at any time or processing more than 12,000 tonnes per annum (outside Regulated Area)

For reasons not known to industry and never appropriately explained by the NSW EPA, metal recycling license requirement thresholds currently sit at 30,000 tonnes per annum.

In 2014 the NSW EPA did indeed have the opportunity to resolve some of the inequitable situation by reducing the licence threshold limits of scrap metal facilities to mirror those of all other waste and transfer facilities - from a 30,000 tonnes per annum to a 6,000 tonnes per annum threshold. Legitimate operators in the NSW metal recycling industry and its peak industry body (WCRA) were very vocal in their support of this measure, however, at the 11th hour, thresholds remained unchanged despite prior public representations by the NSW EPA to the contrary.

It simply defies any sense of equity or logic that this situation remains given the environmental risk that some metal recyclers pose as compared to other types of waste and recycling operations on lower threshold.

It also begs the simple question – is unprocessed scrap metal waste or is it not?

The matter of horizontal equity and resultant competitiveness has always been prominent in discussions between the major scrap metal recyclers and the NSW EPA. For a very long time the major metal recyclers have complained that the combination of high waste levies and narrowly focused compliance regulation has added significant cost to the few parties that have genuinely invested in the NSW recycling industry such that the capacity to perform end of life recycling and circularity occurs in this state.

The NSW Police regulate the NSW Scrap Metal Industry Act. The NSW Police Register of Scrap Metal Dealers indicates that there are over 400 registered scrap metal businesses in NSW. Sims and its peers estimate that there are ~200 scrap metal facilities in NSW and at least 40 of these dealers operate sites may fall between 6,000-30,000 tonnes per annum. We note that this includes a number of Sims and its peers own sites that industry would be more than happy to see transition to an EPL.

The application of environmental regulatory oversight to only ~5% of sites across the industry creates an incredible horizontal inequity and a clear commercial advantage for those sites without an EPL. Ironically, it is unlicensed sites that conduct virtually all unprocessed scrap metal export from NSW (please refer to our comments above with regards to the adverse impacts of the waste levy).

In recent reviews of the NSW Scrap Metal Industry Act and the NSW Motor Dealers Act by the NSW Government, there was sufficient concerns raised by the regulators with regards to the operation of some metal recyclers to make changes to regulations, including the requirement hold appropriate planning approval (i.e. a DA) prior to registration as a licensed scrap metal facility. A number of other concerns were raised with regards to some recyclers operating outside of environmental, taxation, work health and safety, property zoning & approval and industrial relations laws, and in some cases. Some recyclers could be categorised as operating with criminal intent.

The NSW EPA must as a priority rebalance the metal recycling industry in terms of regulatory oversight. According to the NSW EPA Public Register, there are ~11 sites in NSW licensed to conduct *scrap metal processing* as a primary function. Of these sites, the vast majority (10) are operated by the 3 licensed metal shredder operators (Sims, Sell & Parker and Infrabuild). To enable any semblance of a level playing field, The NSW EPA must bring all metal recycling facilities in line with other waste and recycling facility licensing thresholds.