



18 September 2023

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Dear Laura

**Response to Public consultation on the proposed Risk, Consequence and Contingency Regulations 2023,
Engage Victoria Survey Questions**

Question 1 – 4

About Victorian Automotive Chamber of Commerce (VACC)

The Victorian Automotive Chamber of Commerce (VACC) is Victoria's peak automotive industry association, representing the interests of more than 5,000 members in over 20 retail automotive sectors that employ over 50,000 Victorians.

VACC members range from new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialists, i.e. radiators and engines), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (i.e. specialist vehicle, parts or component modification and/or manufacture), and automotive dismantlers and recyclers.

VACC is also an active member of the Motor Trades Association of Australia (MTAA) and contributes significantly to the national policy debate through Australia's peak national automotive association.

The VACC Automotive Dismantling and Recyclers Division (ADRD) is the only fee-paying membership based Automotive Dismantling Industry sector group in Victoria. ADRD has an Executive Committee that is drawn from the VACC membership cohort, and they provide the policy and strategic approach of VACC for this sector. No other organisation meets this criterion.

Auto Parts and Recyclers Association of Australia (APRAA)

The Auto Parts Recyclers Association of Australia (APRAA) is the peak national association serving the automotive parts recycling sector in Australia. APRAA is an affiliated trade association of the Motor Trades Association of Australia (MTAA). APRAA draws its members from the various state-based motor trades associations and chambers of commerce. APRAA is the only fee-paying membership based Automotive Dismantling National Industry sector group in Australia.

APRAA represents auto parts recyclers on national issues and in particular the development of a government sponsored end-of-life vehicle management program to deal with the 850,000 vehicles deregistered off Australian roads each year. APRAA also provides educational, regulatory and industry information as well as other services to its membership to facilitate continued education, growth and development of the auto parts recycling industry.

Australia and in particular Victoria has an extensive motor vehicle dismantling and recycling industry. The industry is based on many small to medium sized businesses and is largely built around the economic recovery of useable parts and recyclable metals from end-of-life motor vehicles. However, thousands of tonnes of largely non-metal

materials are also sent to landfill annually. This is because of a lack of technically feasible and economically viable processing options being readily available to dismantlers and recyclers. Approximately five per cent of motor vehicles in Australia reach their end-of-life each year. This represents 850,000 individual vehicles and consists of vehicles written-off in accidents and vehicles that have reached the end of their operating lives. This accounts for approximately 1.36 million tonnes of waste. The industry currently recovers some 70 per cent of this waste with the balance destined primarily to landfill.

APRAA, through MTAA and VACC seeks to work cooperatively with government agencies responsible for developing and applying policies to encourage greater recycling of automotive products, increase business profitability, develop better environmental outcomes, increase consumer confidence, reduce illegal business activity, increase parts traceability, advance occupational health and safety standards and raise customer service standards.

General Comments

VACC welcomes the opportunity to comment on the new Circular Economy (Waste Reduction and Recycling) (Risk, Consequence and Contingency) Regulations 2023 which will support the implementation of a statutory risk, consequence and contingency planning framework (RCC framework) in the *Circular Economy (Waste Reduction and Recycling) Act 2021* (Circular Economy Act) that shares the management of risks between industry and government.

In considering our position on appropriate regulation in this area, we would stress the importance of maintaining harmonisation with national frameworks where possible, in order to ensure the ongoing growth trajectory of this sector for Australian businesses.

Should you require any additional information or clarification of any points contained within, please contact Kathy Zdravevski, Industry Policy Advisor at kzdravevski@vacc.com.au 650 Victoria Street North Melbourne Vic 3051 P: 03 9829 1142 | M: 0418 329 527

Question 5

What type of waste recycling and resource recovery service(s) do you provide?

- Commercial and industrial waste services
- Hazardous waste services
- Product destruction services

Vehicle Identification Number (VIN) is a unique serial number used by the automotive industry to identify individual vehicles. The VIN requires secure destruction once the vehicle is dismantled and will no longer be registered on the roads.

- Other services not listed above.

Removal of waste products from public and private environments. Removal of parts or storage of parts in businesses where consumers can seek their own parts.

Removal of precious metals, wiring harnesses, glass, separation of ferrous and non-ferrous metals etc

VACC is cognisant the risk, consequence and contingency (RCC framework) are designed to proportionately apply the regulatory burden in the parts of the waste, recycling and resource recovery sector that present the greatest risks, if disrupted.

For this reason, it is understood the legislative obligations are placed on providers of **essential services** and **responsible entities** only, rather than the sector as whole. VACC therefore refers to section 5 and 6 of the draft regulations and section 3(1) and section 74A of the Act¹, which would not capture VACC automotive dismantling

¹ Circular Economy (Waste Reduction and Recycling) Act 2021.

and recycling member businesses. VACC is certain that no current automotive dismantling participant in Victoria would satisfy the meaning of *Victorian market share* as prescribed under section 7 of the draft regulations.

Although, VACC automotive dismantling and recycling members would not satisfy section 5, 6 or 7 of the draft regulations and are not an *essential service* or *responsible entity* for the purposes of this review, VACC has developed in collaboration with the Environment Protection Authority Victoria (EPA) a guide² that provides clear guidance on practical measures that can be taken to prevent or minimise risk of harm to human health and the environment, as a result of auto recycling operations.

Question 6

In your opinion, are there any services that should be included or excluded from the list of essential waste recycling or resource recovery services in Schedule 1 of the proposed regulations?

No, however in future, exponential growth of electric vehicles (EVs) will call for specific handling, storage and transport procedures for EV battery storage, transport and recycling. Battery degradation is real, and Australia will be bracing for a new environmental danger. An urgent call to action is required to deal with EV batteries in collaboration with the Victorian Government as there is a high risk of serious environmental harm as well as potential public safety concerns, if certain types of battery materials end up in landfill.

Question 7

No response required.

Question 8

Based on the proposed regulations, will your business qualify as an essential service?

No, please refer to the response under question 5 and 10.

Question 9

No response required.

Question 10

Do you have comments you'd like to share relating to the preferred option (see Chapter 5) mentioned in the RIS?

Whilst VACC members are not captured in the scope of the proposed Regulations, VACC would like to make comment on the preferred options mentioned in the RIS.

VACC would be supportive of Option 1 which recognises that within the cohort of essential waste service providers, some individual service providers present a higher risk to the continuity of essential waste services, and it reflects the significant consequences associated with failure, disruption and/or hinderance of these services. Under this option, the regulatory burden of complying with these new regulations would be targeted to those businesses that are likely more resourced and better able to comply with these requirements.

VACC is strongly opposed to Option 2 outlined in the RIS which proposes to consider all waste service providers as essential and responsible entities. This would result in a significant cost to government in administering the regulations as well as to industry in complying with the regulations. More importantly, it would also create an unnecessary regulatory burden for majority of businesses, in particular small business. Another serious consequence of Option 2 is that it will create higher operating costs for business which in turn will be passed on to consumers.

Regarding Option 3, VACC believes there is merit in identifying regionally significant entities that provide essential waste services, however, we are strongly opposed to the blanket approach as described in option 2 of defining all waste service providers as essential and prescribed responsible entities.

² Auto recyclers guidelines – Publication 1810. 1 October 2020 <https://www.epa.vic.gov.au/-/media/epa/files/publications/1810-1.pdf>

Question 11

Do you have any other feedback about the RIS (including the forecasted costings and the costing assumptions)? (mandatory)

No, VACC do not have any further feedback in relation to the RIS.

Question 12

Do you have any other comments you'd like to share relating to the proposed regulations?

VACC request that Recycling Victoria consults with VACC directly during the implementation period to discuss the learnings and findings of the proposed Regulations.

Question 13

What kind of support or guidance material (if any) would you like the Department of Energy, Environment and Climate Change and/or Recycling Victoria to provide to help you comply with the proposed regulations? If guidance, please explain what you would like guidance on.

VACC can provide guidance to Recycling Victoria with examples of the automotive retail industry best practice. VACC, and the Environmental Protection Agency Victoria (EPA Vic), collaborated to develop a world first industry-government led set of Dismantling Guidelines. The guidelines were released in support of the *Environmental Protection Act 2017* (Vic) (the Act) that came into effect on 1 July 2020.

A centrepiece of the Act is a general environmental duty (GED) which requires businesses and individuals conducting activities that pose a risk to human health and the environment to understand those risks and take reasonably practicable steps to eliminate or minimise them. VACC and its ADRD division would be very keen to consult with Recycling Victoria on issues relating to best practice recycling as recommended in the Guidelines and supported by the Act.

In late 2021, the Federal Chamber of Automotive Industries (FCAI) and MTAA were awarded a \$1 million grant from the Australian Government's Product Stewardship Innovation Fund to undertake extensive research and consultation towards the design of a national product stewardship scheme for end-of-life motor vehicles.

This comprehensive end-of-life motor vehicle study represented the largest motor vehicle studies of its type undertaken in Australia. It has identified options for a potential product stewardship scheme to boost end-of-life vehicle material recovery rates, avoid inter-state leakage of end-of-life vehicles and importantly, reduce vehicle waste headed to landfill. The FCAI and MTAA propose to build on the work completed to date and collaborate with all levels of government and industry stakeholders to make stewardship for end-of-life motor vehicles a reality. FCAI and MTAA continue to work with the Federal Department of Climate Change, Energy the Environment and Water, as well as the Federal Minister for the Environment, on an implementation plan for such a model. VACC and the ADRD are willing to meet with Recycling Victoria to further elaborate on the progress of the planned implementation.

Question 14

Do you have any other comment you'd like to share?

Nationally consistent schemes and regulations is critical to succeed in the waste, recycling and resource recovery sector. The ELV project has highlighted this. The complexity of the industry, combined with the complexity of differing legislation in states and territories means we need a national approach and harmonisation.

We thank you for your consideration of our feedback.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kathy Zdravevski', written in a cursive style.

Kathy Zdravevski LLM (JD)

Industry Policy Advisor