



Dear Sir/Madam,

Please find the attached submission from OneSteel Recycling Pty Ltd on; **The Queensland Waste Strategy 2010 – 2020; Waste Avoidance and Recycling Consultation Draft.**

## **Executive Summary**

OneSteel Recycling appreciates being given the opportunity to provide feedback on the Draft Waste Strategy and whilst wholly supportive of the aims contained within the strategy, wish to point out some potential issues that may have a negative impact on the desired outcomes.

Comments within the body of this submission will cover arguments for why DERM should exclude metals recyclers who operate shredding plants from attracting the proposed levy for the following reasons;

- **Application of the levy to legitimate existing recycling businesses has the real potential to reduce overall levels of recycling in Queensland and may result in increased Local government waste disposal costs for MSW in particular.**
- **The Draft Strategy could result in increased levels of illegal waste shipments from Australia.**

## **OneSteel**

OneSteel is a fully integrated, global manufacturer and distributor of steel and finished steel products, self-sufficient in both iron ore and scrap metal, with revenues in excess of \$6 billion Australian dollars and is an ASX top 60 listed company. In total OneSteel services more than 30,000 customers, offers more than 40,000 products globally and employs over 11,500 people. OneSteel Recycling is a wholly owned division of OneSteel Limited.

OneSteel Recycling operates from 58 locations spread throughout Australia, New Zealand, UK, USA, China and India supplying processed quality ferrous and non ferrous recycled metal to both Australian and overseas consumers. OneSteel Recycling sources, collects, transports, process and markets scrap collected from industrial clients in the cities and coal, iron ore, copper and gold mines in far flung reaches of the continent.

OneSteel Recycling has five shredders, static shears, mobile shears, and a range of balers and ancillary equipment. Our typical shredder represents world's best practice with computer controlled power saving drive control and unique Eddy Current Separation systems to maximise the metallic yield. A clean environment is maintained by passing all the air from the cyclone separation systems through self-cleaning air filter bag-houses. Sites are completely hard surfaced with concrete with all drainage water being collected, passed through filtration systems and reused in the process

Quality Assurance throughout the group is achieved by OneSteel Recycling adherence to ISO 9002. Workplace safety is a prime operational goal of OneSteel Recycling. Our safety aim is to be recognised as the industry benchmark in providing a safe and healthy workplace. Environmental best practice is achieved through systems based on the international ISO 1400.

## **Metal Recycling Overview**

OneSteel Recycling is one of the two major metal recycling businesses in Queensland who operate shredders, handling over 200,000 tonnes of metal waste per annum. The large players in the metal recycling market arguably epitomise one of the major aims of the Draft Strategy in that we operate capital intensive sustainable recycling businesses. OneSteel Recycling directly employ over 150 people in Queensland and via our direct contractors and a network of second and third tier scrap dealers that supply post consumer and industrial scrap to us for processing, significantly contribute to maintaining 1000's of jobs in the metals recycling industry across the state.

Over the past 50 years, the metals recycling business has grown from an industry that collected only metals that required minimal processing and little capital investment, into a highly competitive business that invests many millions of dollars in plant capable of recovering and separating metals from virtually any waste source that has metal content.

The single largest investment in a large metals recycling business are shredding plants, which are designed to allow separation and recovery of all metals from waste sources such as post consumer goods from Local Government landfills. (Examples include whitegoods, motor vehicles, food containers (tin and aluminium cans) and other household durable goods.

The three primary outputs from shredding operations are:

1. Ferrous shred. (Steel for re-melting)
2. Non Ferrous shred. (such as copper, brass and aluminium for re-melting)
3. Shredder flock.

The first two items above are readily saleable commodities, with both local and international markets already in existence. The third item is made up of non-metallic attachments and dirt and is an unavoidable residual output of a process that contains up to six separate steps to produce the end products.

Depending upon the mixture of feed, "shredder flock" can represent up to 25% of the overall weight of materials processed. Note that even shredder flock has potential uses and in the past has been used as "beneficial cover" (vermin prevention) in existing landfill operations, reducing the need for clean fill and allowing optimal use of available landfill volume.

## **Impact of the Waste Levy upon metals recyclers**

Metal recycling is a mature and highly competitive industry and scrap metal is an internationally traded commodity, subject to significant price swings which impact on the viability of the recycling process. Major contributing factors, especially when considering post consumer sources which contain high levels of non-metallic material and are of low density, are;

- Costs of collection (pre-processing at source to improve transport weights or supply of bins.)
- Transport to the processing site.
- Processing for separation. (Shredding)
- Delivery of end products
- Shredder residue disposal costs.

Post consumer scrap which is either diverted from, or collected from landfills typically contains average levels of non-metallic's in the range of 27% - 32%. The proposed levy would increase the cost of every tonne collected by around \$10/tonne. The levy would significantly reduce the range of travel where collection of material is viable, which in the past at low points in the international price cycle has limited the viability of collection to within 150km of the Brisbane CBD.

Due to high levels of competition, metals recycling is a low margin business, with the bulk of the value (excluding costs) being paid to the originator of the material. Any increase in the cost of processing must pass onto the originator, which for a large percentage of shredder feed, is local Government landfills. Scrap waste collected from most industrial and commercial sources typically contains less than 1% non-metallic content.

The Waste Strategy may drive landfills and the general public to attempt to increase recycling rates, and they are likely to begin to identify and separate any waste with metallic content for recycling, thus driving the levels of non-metallic's in waste finding its way to shredder operators even higher. This in turn will result in higher costs for recyclers, forcing them to pay lower prices to landfills and other similar sources, further reducing the viability of recycling low metals recovery sources.

One potential solution to this issue would be for DERM to exclude Shredder Residue from the levy. This will ensure that significantly increasing levels of recycling from the post consumer waste stream will have zero negative impact on both landfills and the general public. This fits with one of the key pillars of the strategy; that MSW and the general public are to be excluded from the levy. (MSW and post consumer goods represent over 90% of the residues from shredding operations.)

### **Increased risk of illegal waste shipments**

There has been an increasing trend over the past 10 years for small international traders to directly approach second and third tier recycling businesses for direct purchases of scrap for export to destinations in the developing world via the use of standard shipping containers. In general this has not been an issue, as the sales involved clean heavy grade industrial scrap with near zero levels of waste. More recently, there have been cases where baled post consumer waste such as whitegoods and motor vehicles have been sold into developing nations with far lower environmental standards and operational costs, this directly contravenes Australia's obligations as a signatory to the Basel Convention.

Imposing the proposed levy upon shredder operators will significantly increase the attraction of direct export of post consumer waste with metallic content for small recyclers\*. This may significantly increase the risk of damage to the reputation of the Recycling Industry and Australia in general should it become an issue in the destination country at any point in the future.

*\*Second tier and certainly third tier recyclers generally do little or no processing of post consumer and landfill generated scrap past improving density to enable efficient transport to shredder operators.*

### **Suggestion for Waste Levy income - Improved regulatory enforcement.**

Licensed operators in both the waste metals recycling and other waste industries are subject to significant costs in complying with environmental standards on all of their sites to ensure their practices are sustainable and that environmental impact is minimised. Examples of this are storm water management, dust control measures and the having correct operating permits. Conversely, unlicensed operators face none of the above costs and have no incentive to operate in an environmentally sustainable manner, making it difficult for licensed operators to compete.

**Increased levels of resources being made available for inspection of ALL operators in the Recycling and Waste industry is likely to result in a better outcome for the environment in Queensland.**

## Conclusion

OneSteel Recycling fully support DERM and the Queensland Governments initiative to increase recycling rates, but feel that careful consideration needs to be given to implementation of the strategy to ensure that it achieves the desired outcomes. We sincerely hope that the comments in this submission are of use in ensuring that the aims of the strategy are achieved.

Yours Sincerely

Gary Dowling

A handwritten signature in black ink, appearing to be 'GD', enclosed within a hand-drawn oval border.

General Manager – OneSteel Recycling Queensland.