



19 January 2024

Ms Gina Cass-Gottlieb
Chair
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

Dear Chair

The following submission to the Australian Competition and Consumer Commission (ACCC) has been prepared by Elan Energy Matrix in response to the application made by Tyre Stewardship Australia Limited (TSA) to the ACCC for revocation of authorisation AA1000409 and substitution of AA1000655 (as per correspondence received from Mr Gavin Jones, Director, Competition Exemptions dated 14 December 2023).

About Elan Energy Matrix

Elan Energy Matrix or “Elan” (www.elanem.com.au) operates an advanced tyre resource recovery facility – a tyre recycling plant – which is located in Welshpool, in the eastern suburbs of Perth. Previously known as Tyre Recyclers WA, Elan employs approximately 25 people.

Elan has aspirations to expand our tyre recycling operations to all other Australian states and territories.

Information provided in this submission is drawn from our extensive experience operating in Australia’s tyre recycling industry over a period of more than 12 years.

Primary Objective

Elan’s primary objective is to assist with increasing the number of waste tyres in Australia which are recycled. Notably off-the-road (OTR) tyres.

Position on application

While Elan does not oppose this application, Elan notes the commentary in the TSA application that TSA may soon pursue the option of transitioning to a regulated scheme for recycling of waste tyres under the Recycling and Waste Reduction Act 2020.

Elan wishes to make it abundantly clear that we strongly oppose Australia moving to a regulated scheme for recycling of waste tyres and that we are also strongly opposed to any similar type of intervention in Australia’s tyre recycling market.

This is because the current challenges in Australia’s tyre recycling market – in particular, the low percentage of OTR tyres which are recycled – will worsen if a regulated scheme is introduced. This is because it will result in less tyre recyclers operating in the market, meaning there would be higher prices for recycling of tyres, which, in turn, would result in less tyres being recycled.

Instead, consideration should be given to implementation of the following measures:

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- Introducing obligations for sorting of tyres to take place at the point where they become waste tyres, i.e. the source;
- Capturing “free riders” (i.e. stakeholders who are receiving funds for the collection of waste tyres, but are not recycling them);
- Banning landfill disposal of waste tyres;
- Better capturing data for the tracking of waste tyres;
- Adequately enforcing Australia’s export ban on whole baled waste tyres;
- Improving TSA’s governance; and
- Reducing the ongoing legal disposal in-pit of mining (OTR) tyres.

Only after these measures have been implemented will there be an accurate indication of whether or not Australia’s tyre recycling market is failing – and requires intervention.

Tyre recycling market – stakeholder groups

There are five key stakeholder groups in Australia’s tyre recycling market:

- Consumers;
- Tyre manufacturers;
- Tyre retailers/tyre users;
- Waste tyre transporters; and
- Tyre recyclers (including Elan).

Australia’s tyre recycling market

All stakeholder groups above should share responsibility for lifting the level of recycling of waste tyres because without shared responsibility, the current level of recycling of waste tyres in Australia will either remain the same or decrease.

Tyre recyclers would like to accept more tyres, but there are problems in ensuring that tyre recyclers receive greater numbers of tyres. For example, disposing of tyres at community rubbish facilities is currently a far more cost-effective option for the disposal of tyres than, for example, dropping off the tyres at Elan (or another tyre recycler).

Once a transporter receives the relevant paperwork from a tyre retailer or tyre user (e.g. a mining company), they are able to drop off waste tyres anywhere – all over Australia.

Elan is strongly opposed to any future model for Australia’s tyre recycling market where the number of tyre recyclers servicing a particular area or jurisdiction is restricted. Among other things, this is because Elan has a 10-year plan to establish a national tyre recycling network – including in areas where there is currently little or no recycling (e.g. the Northern Territory).

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Restricting the number of tyre recyclers which can operate in a particular area or jurisdiction will result in a worse outcome – there will be less competition, driving up costs and lowering levels of tyre recycling.

This is because there are currently logistics/waste carriers engaging in “dodgy” practices – they charge cheaper collection fees for waste tyres which are never delivered to tyre recycling companies (such as Elan). Instead, the waste tyres are disposed of elsewhere – illegally dumped in rural areas or at rubbish tips. Notwithstanding that some of these practices are illegal, this also places a burden on local government (which operates rubbish tips) and consumers, who are already paying a higher purchasing fee for tyres (on top of the cost of the tyre, to factor in the cost of tyre disposal). Tyre retailers pass on the waste disposal fee that tyre recyclers charge, but some retailers seek cheaper tyre disposal alternatives because they are aware that there is no tracking of waste tyres.

Elan would like to be able to receive waste tyres from regional areas of Western Australia, including Margaret River, Geraldton and even the north-west of the state, but the cost of collecting tyres statewide is currently prohibitive.

Elan would be able to receive waste tyres from mining companies if we had the right recycling infrastructure in place. As things stand, Elan is reluctant to invest in this infrastructure because there are no guarantees mining companies will direct waste tyres to us because it is more cost effective for them to dispose of these tyres in landfill.

Elan supports the development of a strengthened tracking system – there should be tracking of where transporters are dropping off waste tyres.

Sorting of waste tyres at their source

One of the most significant costs Elan faces is sorting of waste tyres once we receive them at our recycling site. Specifically, we receive many different types of waste tyres, including from passenger vehicles (small and large), truck tyres and rubber from conveyor belts, among other types of waste rubber. It takes us an unnecessarily long amount of time to sort these tyres/rubber once we receive them, to ensure the materials can be effectively recycled.

If, however, we were receive tyres/rubber which has been sorted, this would significantly reduce our costs, speed up recycling time-frames and, therefore, increase the percentage of tyres/rubber which is recycled.

Any change to sorting requirements for waste tyres/rubber should also factor in the requirement that tyre recyclers have to turn contaminated materials into quality products, i.e. cleaning of waste tyres/rubber as part of the recycling process.

A comparison is the way in which Australian consumers dispense different types of waste (household, recyclable materials, green waste) into different coloured bins at their residential premises. This saves a significant amount of time and money in the disposal of this waste, also increasing the amount of waste materials which are recycled.



Consideration could also be given to manufacturers of tyres being obligated to use recycled tyres in products they make, similar to spring water companies having to use recycled plastic for their water bottles.

Better data – waste tyres

Better data about the number of waste tyres and their disposal would assist with accurately informing public policy decisions which directly impact on recycling of waste tyres. Specifically, a system should be developed in Australia which enables the tracking of all waste tyres. Such a system should also include importation of new tyres into the Australian market because, among other things, with the growth in the number of new tyres, there is a percentage of these tyres which are waste tyres as well.

Tyre recycling markets in overseas countries

In relation to overseas models, systems where there is one recycler (e.g. British Columbia, Canada) or systems where there is one recycler per district (e.g. Italy) are almost certain to be unsuccessful if adopted in Australia because of the consequences of lower levels of competition outlined above.

Australia should consider moving to a similar model to the one which is in place in Germany. Germany has designated waste tyre collection points, it has high levels of competition among tyre recycling companies and all waste tyres are tracked.

This is a simple, effective system which ensures there is not unhelpful competition between tyre recyclers and collectors.

Related issue – research and development

Research and development (R&D) – as Elan receives no funding for R&D, we have to build in the cost of R&D into the prices we charge for tyre recycling, otherwise there is no R&D. TSA is receiving \$0.25 for each tyre which is recycled, but tyre recyclers receive no such funding/income.

Timing of consultation

While we are grateful to have been notified about the ACCC consultation on this application, Elan wishes to formally place on record its concerns about the timing of this consultation. There was only just over one month between the date of the ACCC correspondence about the consultation (14 December) and the deadline to respond (19 January). In addition, much of this time-frame fell within the Christmas-new year holiday period when many businesses either operated with low staffing levels or were shut down altogether, including Elan.

For an issue as important as this, it would have preferable for the consultation period to have commenced in mid-January. Holding the consultation period across the Christmas-new year period risks the possibility of some stakeholders being unable to provide their views to the ACCC.



Further consultation

Elan would like to meet with you to discuss the content of our submission in more detail. Our Canberra-based government relations advisor (Hamish Arthur, MCM Strategic Communications – 0406 510 083, hamish.arthur@mcm-sc.com.au) will be in touch with your office about this.

Yours sincerely

A handwritten signature in grey ink, appearing to read "Ian Bellinge".

IAN BELLINGE

Managing Director