AUSTRALIAN STEEL INSTITUTE

20th September 2024

Attention: Federal Senate Environment and Communications Committee

Chair: Senator Sarah Hanson-Young, Australian Greens, SA
Deputy Chair: Senator Karen Grogan, Australian Labor Party, SA
Member's:
Senator Catryna Bilyk Australian Labor Party, TAS
Senator Ross Cadell; The National, NSW
Senator Jonathon Duniam; Liberal Party of Australia, TAS
Senator Hollie Hughes; Liberal Party of Australia, NSW
Senator Peter Whish-Wilson; Australian Greens, TAS

Re: ASI Updated Submission - Inquiry into Waste Reduction and Recycling Policies

Dear Chair and Federal Inquiry Committee Members,

As the peak body for the Australian steel industry, which employs over 100,000 Australians and delivers an industry combined annual revenue exceeding $30Bn, the Australian Steel Institute (ASI) welcomes the Federal Senate Inquiry into the effectiveness of the Federal Government's waste reduction and recycling policies in delivering a circular economy, and recommends strong limitations be placed on the export of unprocessed steel scrap.

To avoid any confusion, unprocessed steel scrap is defined as; 'unprocessed ferrous scrap steel which comes from scrapped motor vehicles, white goods and other similar end of life products, and contains existing banned export wastes such as plastics, rubber, glass, floc and other potentially toxic substances.'

On behalf of the Australian steel industry, we believe by not fully utilising the existing Federal Government policy and legislation on the circular economy and waste management in relation to the export of unprocessed scrap steel combined with other banned export wastes, Australia is not capitalising on:

- Our steel sectors circular economy goals,
- industry decarbonization pathway plans, and
- in conjunction, not taking full responsibility for our banned export wastes.

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We wish to highlight the following three major issues which underpin our proposal:

1. Currently in excess of 1.1 million tonnes of unprocessed steel scrap obtained from used vehicles and whitegoods also containing waste plastics, glass, tyres and other wastes, currently banned for export, are being exported to Asian countries each year;

2. In conjunction by not imposing the available Regulations for unprocessed steel scrap and its other combined wastes, the Australian steel industry's capacity to fully participate in the circular economy is dramatically reduced by limiting the recycling of available domestic steel scrap volumes, which also happens to be a critical pathway to reducing steel making GHG emissions; and,

3. As processed steel scrap is a critical material input for both existing Primary (Blast Furnace – Basic Oxygen Furnace, **15-20 percent of inputs**) and Secondary (Electric Arc Furnace, **up to 100 percent of inputs**) steel making, limiting supply of all domestically available steel scrap to our national steel industry places limitations on Australian steel industry production output, thereby risking Australian manufacturing jobs and local supply chain volumes.

We ask the Senate Inquiry to consider the following key facts which support our industry submission:

1. In excess of 1.05 million tonnes of unprocessed steel scrap, in the form of end-of-life vehicles and white goods is exported to developing countries annually, which includes over 250,000 tonnes of (currently export banned) plastics, glass, tyres and other wastes. [1]
2. The domestic steel industry has prioritised the increased use of recycled scrap as one of the key enablers in its decarbonisation pathway and the drive towards low carbon steel. Prohibiting the export of unprocessed steel scrap could deliver a saving of 1.2 million tonnes in GHG emissions per annum from Australian steel mills. [2]
3. In order to achieve both GHG emission reduction targets and meet their domestic steel demand, 71 countries have now either banned or are in the process of applying severe limits to exports of steel scrap, which includes Waste Shipment Regulation changes in the EU. [3]
4. The demand for steel products for Australian infrastructure and construction is forecast to increase, which will in turn place pressures on domestic steel producers scrap volume needs and meeting their GHG emissions reduction targets. [4]
5. The ASI has estimated the demand for steel scrap inputs for steel production is likely to be increase dramatically in coming years:
    - 500,000 tonnes / p.a. additional scrap to current needs (0-3 years' timeframe)
    - 2,500,000 tonnes / p.a. additional scrap (3-10 years' time).

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[1] As above (2) and Appendix 1; also refer NSW EPA Consultation Paper, 'Proposal for minimum environmental standards in the scrap metal industry, 2017, <http://epa.nsw.gov.au-minumum-scrap-metal-standards>; which outlines serious concerns on the environmental controls of waste substances within unprocessed steel scrap sector, especially end of life cars and white goods; concerns are raised around poor environmental management and controls for other wastes contained within unprocessed scrap, such as: plastics / oils / coolants / grease / batteries / waste tyres / ozone depleting substances / glass and management and controls for scrap shredder floc.

[2] Economic and Environmental Benefits from an Australian Unprocessed Ferrous Scrap Metal Export Ban; Australian Economic and Advocacy Solutions [AEAS], August 2022

[3] https://gmk.center/en/infographic/43-countries-of-the-world-limit-the-export-of-scrap-metal-and-every-third-of-them-prohibits-it/; Andrii Tarasenko, GMK Center, November 2022

[4] Refer Appendix 2 and 3

6. For every 10,000 tonnes of unprocessed steel scrap which is processed domestically, 37.2 FTE local jobs are created generating $4.8m in economic Value Add. [5]
7. The Australian steel scrap processing industry currently has enough capacity to absorb the estimated 1.1 million tonnes of unprocessed steel scrap exported each year and prohibiting such exports which incorporate banned export wastes would enable multiple environmental and economic benefits, without further investment, for the Australian steel supply chain and its circular economy and decarbonisation objectives.

We ask this Senate Inquiry to consider the strong fit current Federal Government's policies, action plans and legislation on waste management and the circular economy has with our industry's proposal.

- The objects of the *Recycling and Waste Reduction Act 2020*, Section 3 include as follows:

  (a) to reduce the impact on human and environmental health of products, waste from products and waste material, including by reducing the amount of greenhouse gases emitted, energy and resources used;

  (b) to realise the community and economic benefits of taking responsibility for products, waste from products and waste material;

  (c) to develop a circular economy that maximisers the continued use of products and waste material over their life cycle and accounts for their environmental impacts;

  And these objects are to be achieved by:

  (a) regulating the export of waste material to promote its management in an environmentally sound way; and

  (b) encouraging and regulating the reuse, remanufacture, recycling and recovery of products, waste from products and waste material in an environmentally sound way.

- ReMade in Australia Policy

  The ReMade in Australia campaign was launched in December 2021 with $18.2 million provided over five years to improve awareness of recycling and to develop and promote a 'ReMade in Australia' brand and certification scheme. The scheme aims to give consumers confidence and pride in buying quality products that have been locally recycled and re-manufactured.[6]

- Federal Government National Waste Policy Action Plan

  The National Waste Policy Action Plan amongst many other aligned initiatives with the Australian steel industry highlights the need to significantly increase the use of recycled content by our domestic industries.[7]

[5] As above
[6] <http//: aph.gov.au/budgetreview202223>
[7] Commonwealth Gov National Policy Waste Action Plan, <http//: dcceeau.gov.au/env/protection/waste>

- Future Made in Australia Policy

  Announced by the Prime Minister, 11th April 2024, the *Future Made in Australia Act* aims to capitalise on Australia's advantages in resources necessary for the clean energy transition, to boost local jobs, local manufacturing and the economy.[8]

- Green Metals Industry Policy

  The Department of Industry, Science and Resources recently announced an industry wide consultation, "unlocking green metals opportunities for a Future Made in Australia".[9] Australia has significant competitive advantages in becoming a world leading manufacturer of low carbon iron and steel products, not withstanding large challenges exist. Whilst advances in iron ore development, large scale firmed renewable energy, and price competitive supply of natural gas and hydrogen will be important, so too will be the ongoing supply of scrap steel volumes.

As the legislative tools already exist to prohibit the export of unprocessed steel scrap, and there is strong alignment with government waste, recycling, circular economy, industry decarbonization, climate change policy and Future Made in Australia goals, **we urge this Inquiry to recommend the existing Regulations under the *Recycling and Waste Reduction Act 2020* be enacted to prohibit exports of unprocessed steel scrap, and close off this current loop-hole for waste exporters.**

In summary, domestic steel making is the backbone of Australia's construction, resource, infrastructure and manufacturing sectors and is widely considered a critical sovereign capability. Locally made steel is a vital and sustainable source of innovation, employment and capability. Our industry will continue to be a valuable and important contributor to the Australia's economy, circular economy and move to net zero emissions, however the policy support we are seeking is an important need as steel scrap continues to be an increasingly scarce and valuable global resource.

Whilst steel is considered a hard to abate sector and contributes approximately 7-8 percent of the global carbon footprint, by fully optimising current waste and circular economy policies and prohibiting the export of unprocessed steel scrap **which contains banned waste exports,** our industry will be able to continue its strong focus and endeavors in the journey to steel making decarbonisation with confidence.

On behalf of the Australian steel industry we thank the Federal Senate Environment and Communications Committee for this opportunity to address the public hearing. We welcome your engagement on this vital issue impacting the future of the steel industry.

Yours sincerely,

Mark Cain
Chief Executive, ASI

[8] Future Made in Australia fact sheet; Commonwealth Budget, 2024-25
[9] <https://www.industry.gov.au/manufacturing/green-metals>

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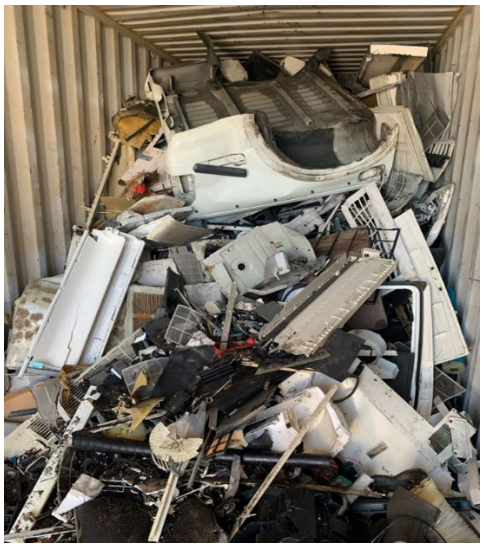
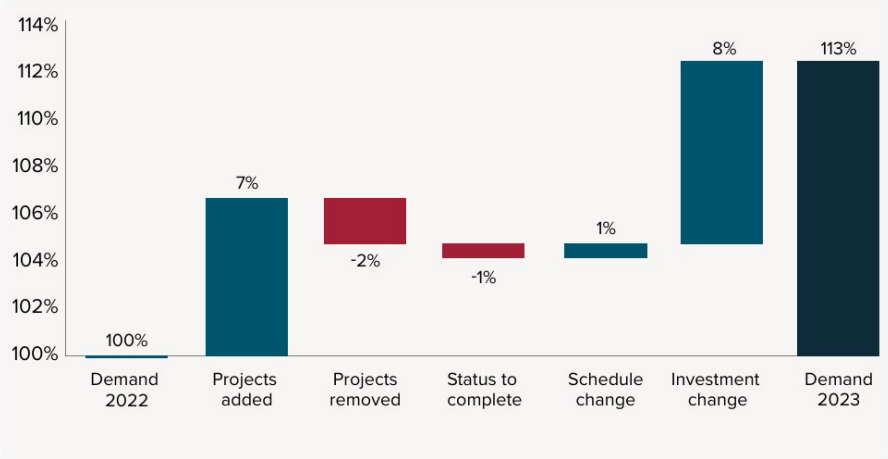
Appendix

1. Mixed scrap: container of mixed unprocessed metal scrap destined for export, 2023.



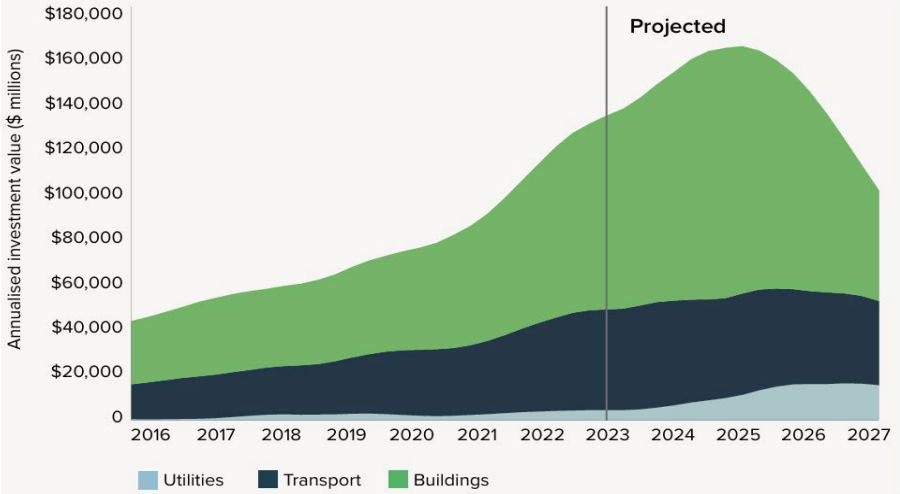
2. Major public infrastructure pipeline spend 2022-23; source Infrastructure Australia report 2023; chart 1 major public infrastructure pipeline 2022-23, chart 2 combined public and private infrastructure investments.

Figure 4: 2022—23 to 2026—27 major public infrastructure pipeline spend comparison from 2022 to 2023



Source: Infrastructure Australia (2022 and 2023), using like for like MPIP project types only.

Figure 6: Combined Infrastructure (public and private sector) - annualised investments by sector



Source: Infrastructure Australia (2023).

3. Both demand for steel, and steel intensity in renewable energy projects will increase dramatically in coming decades.