



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

15<sup>th</sup> April 2024

## **Re: 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.

On behalf of the Australian steel industry, we believe Australia is missing significant opportunities to achieve circular economy goals and decarbonise industry due to a lack of traction of existing Federal Government policy on circular economy and waste management in the following areas, which are under review by this Senate Inquiry:

1. Regulations for waste exports through the *Recycling and Waste Reduction Act 2020* are not doing enough to support our industry's circular economy and environmental needs, by significantly reducing unprocessed steel scrap metal exports. Unlike other waste such as glass, plastic, tyres, and paper & cardboard, the regulations do not currently prevent exports of unprocessed scrap metal. Such exports often incorporate significant quantities of hidden prohibited waste export materials such as plastics and glass within the form of scrapped motor vehicles and white goods.<sup>1</sup>
2. The consequences of the Federal Government not imposing the available Regulations towards the export of unprocessed steel scrap under the *Recycling and Waste Reduction Act 2020* limits the Australian steel industry's ability to fully participate in opportunities in the construction and manufacturing circular economy and the Federal Governments broader environmental, economic, manufacturing and net zero policy by:

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<sup>1</sup> See Appendix 1, image showing container of mixed unprocessed metal scrap destined for export, 2023, which includes other prohibitive waste materials for export; further, processing ferrous scrap produces shredder floc waste which is required to be managed appropriately in Australia, and some international operators avoid costs associated with this due to different environmental management standards.



- dramatically reducing the full availability of supply of steel scrap to our steel manufacturers, which is critical in both reducing steel making GHG emissions and ensuring adequate supply of steel to the Australian construction industry;
- increasing global GHG emissions by stimulating the need for international steel imports to cover local production shortfalls, and triggering further emissions from increased international shipping of steel and scrap imports;
- limiting the steel and construction industries' environmental and economic contributions, by not maximizing Australian jobs and local supply chain volumes, in a manner that would be possible if the majority of steel scrap waste was retained and used domestically;
- Steel scrap supply will continue to be increasingly constrained globally as international steel mills increase their demand for scrap due to increasing targets to reduce GHG emissions in a hard to abate sector, and growing global demand for steel; and as such many countries are now placing bans on the export of ferrous scrap steel.

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

1. Higher proportionate recycled scrap use in steel manufacturing processes decreases GHG emissions and reduces the reliance on iron ore and coking coal volumes. 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. Based on Australian Economic Advocacy Solutions (AEAS) modelling, banning the export of unprocessed steel scrap could deliver a saving of 1.2 million tonnes in GHG emissions per annum from Australian steel mills, and 80,000 tonnes CO<sub>2</sub>e from unprocessed scrap shipping emissions savings per annum.<sup>2</sup>
2. In achieving both GHG emission reduction targets and meeting 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.<sup>3</sup>
3. 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.<sup>4</sup>
4. The demand for steel products for Australian infrastructure and construction is forecast to increase, which will in turn place pressures on domestic steel manufacturers steel scrap volume needs and meeting their GHG emissions reduction targets, (see Appendix 2 and 3).

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

<sup>3</sup> <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

<sup>4</sup> 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-minimum-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.



5. Following discussions with Australian steelmakers, the ASI has estimated the increased demand for steel scrap consumption in steel production is likely to be:
  - 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).
6. For every 10,000 tonnes of steel scrap metal processing which is undertaken in Australia, 37.2 FTE local jobs are created and \$4.8m in economic Value Add.<sup>5</sup>
7. The Australian steel supply chain often imports scrap steel in order to meet steel production demand, which increases the global carbon footprint through transport emissions.<sup>6</sup>
8. The Australian steel scrap processing industry currently has enough capacity to absorb the estimated 1.05 million tonnes of unprocessed steel scrap exported each year, which would enable a quick win, without further investment, for the steel supply chain and its recycling, circular economy and reduced emissions objectives.

We ask the Senate Inquiry to consider the current Federal Government's policies, action plans and legislation and whether they adequately meet the circular economy, environmental and economic needs of our industry, for domestic steel scrap. We believe the legislative tools already exist to prohibit the export of unprocessed steel scrap, which would be strongly aligned with government policy goals. So we ask: 'Why can't we apply the current legislation to meet our common goals?':

#### Relevant Sections from the *Recycling and Waste Reduction Act 2020*

##### SECT 3:

(1) The objects of this Act are 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 maximises the continued use of products and waste material over their life cycle and accounts for their environmental impacts;

(2) 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;

##### SECT 67:

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<sup>5</sup> As above

<sup>6</sup> ASI industry data



Ministers priority list, matters to be considered:

(2B) In preparing a list of products for inclusion in a Minister's priority list, the Minister must have regard to any relevant national waste policies or plans.

(3) (d) whether one or more of the following apply in relation to the products:

(iii) taking action to reduce that impact will offer business opportunities to make a contribution to the economy.

SECT 97:

(3) Without limiting [subsection](#) (1), rules made for the purposes of that [subsection](#) in relation to a product may do any or all of the following:

(b) prohibit (either absolutely or subject to conditions), limit or restrict substances from being contained in the product.

#### Building Australia's Circular Waste Economy – Commonwealth Budget Review 2022-23 Index

1. "\$18.2 million provided over five years from 2021–22 to improve awareness of correct recycling techniques 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. The ReMade in Australia campaign was launched on 6 December 2021 in [a joint media release](#) by the Prime Minister, Minister for the Environment, and the Assistant Minister for Waste Reduction and Environmental Management."<sup>7</sup>
2. "In its 2022 report, the IPCC stated that, among other measures, circular material flows can make an important contribution to the decarbonisation of most industrial processes, and that in this regard, there has been 'renewed attention to end-use demand, material efficiency and more and better-quality recycling measures' (Climate change 2022, p. 11-7)."<sup>8</sup>

#### 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.<sup>9</sup>

By more fully applying the available Federal Government policies and existing legislation to the needs of the Australian steel industry, including those instruments highlighted above, our industry supply chain members will gain much greater circular economy, environmental and decarbonisation benefits. Furthermore, the demand for steel is forecast to grow through the upcoming Australian

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<sup>7</sup> <[http://: aph.gov.au/budgetreview202223](http://aph.gov.au/budgetreview202223)>

<sup>8</sup> As above

<sup>9</sup> Commonwealth Gov National Policy Waste Action Plan, <<http://: dcceeu.gov.au/env/protection/waste>>



infrastructure and renewable energy projects build, which will in turn increase steel manufacturers demand for scrap.<sup>10</sup> Prohibiting unprocessed steel scrap exports would also support our industry to participate more fully in achieving national GHG reduction goals. Steel products are vital to our nations decarbonisation effort, including through their use in the manufacture and supply of utility scale renewable energy assets.<sup>11</sup>

In summary, steel is the backbone of Australia's construction, resource, infrastructure and manufacturing sectors. 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 Australian economy and Australia's move to net zero emissions.

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, our industry will be able to continue its strong focus and endeavours in steel making decarbonisation technology research with confidence.

Steel scrap is a sovereign and increasingly scarce and valuable resource. Unless current Federal Government circular economy and waste management policies and laws are most appropriately enacted to prohibit the export of unprocessed steel scrap which incorporates other banned wastes for export, our steel mills will fall well short of being able to fully service our growing Australian construction and manufacturing sectors. Australia would be forced to continue to import higher volumes of steel scrap, adding to emissions through the transport process and damaging the local industry whilst potentially making it uneconomic.<sup>12</sup>

On behalf of the Australian steel industry, we urge your Senate Inquiry committee to recommend to your parliamentary colleagues that the government prohibit the export of unprocessed steel scrap.

Restrictions would be consistent with the Federal Government's plan to cut greenhouse gas emissions and help create and maintain sustainable local manufacturing capability and additional jobs here in Australia while significantly boosting our domestic economy's recycling rates.

We welcome your engagement on this vital issue impacting the future of the steel industry.

Yours sincerely,

**Mark Cain**  
**Chief Executive, ASI**

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<sup>10</sup> See Appendix 2

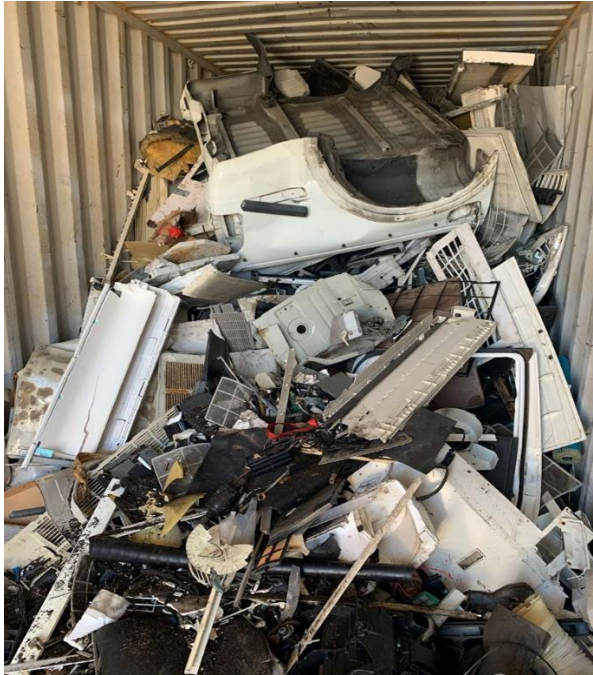
<sup>11</sup> See Appendix 3

<sup>12</sup> Note: the Australian steel industries position was clearly enunciated by the ASI and its industry members in a confidential statement to the Federal Governments *Standing Committee on Climate Change, Energy, Environment and Water* on November 28, 2022



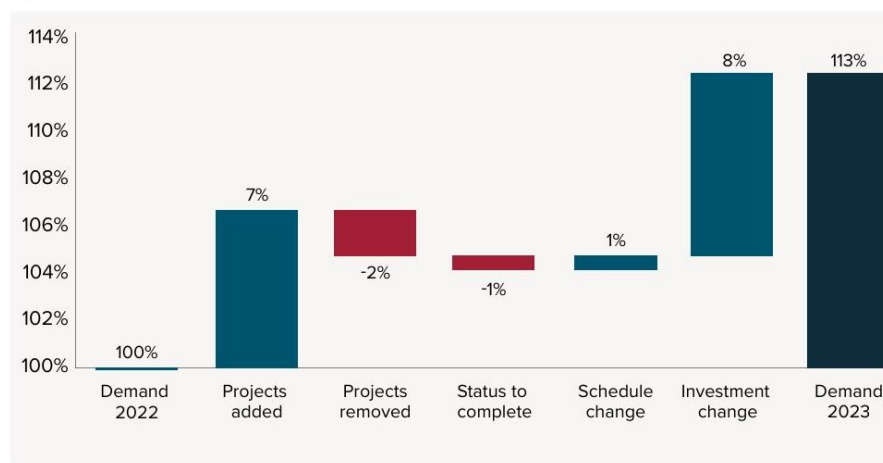
## Appendix

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.

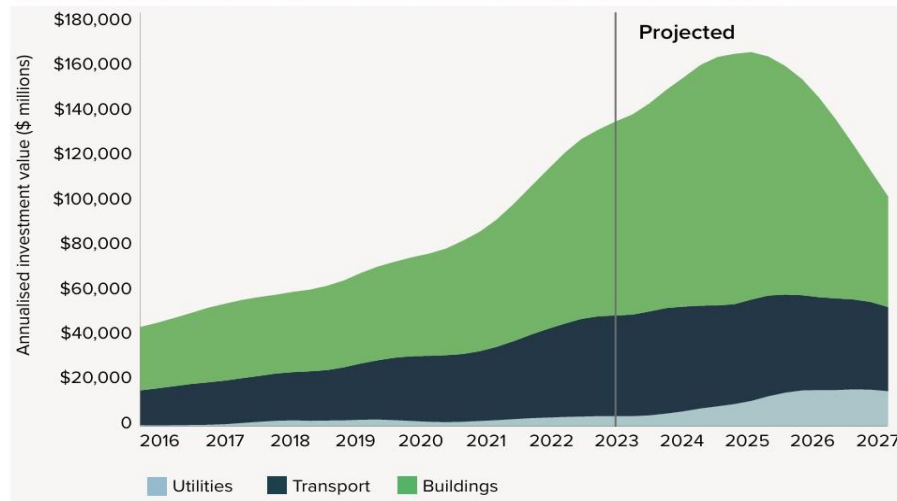
**Figure 4:** 2022–23 to 2026–27 major public infrastructure pipeline spend comparison from 2022 to 2023



Source: Infrastructure Australia (2022 and 2023), using like for like MPIIP 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.

Renewable energy

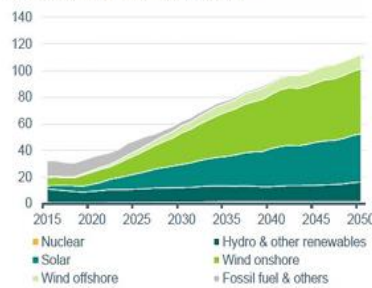


2050 steel demand in Power Generation vs 2020  
**3x**

Power Gen's total steel demand 2050  
**5%**  
Share in 2020 <2%

\* source: BHP Western Australia Iron Ore site tour 3 October 2022

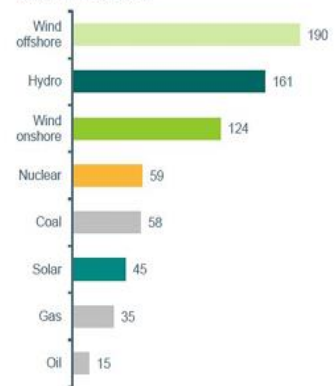
Global steel demand from power generation (Mt finished steel, new capacity + rebuild)



Non-fossil fuel share of steel demand in power gen (%)



Renewable power tends to require more steel compared to fossil fuels (Steel t/MW of capacity)



Source: Hatch, ArcelorMittal.