



Used Tyre Regulations White Paper – Summary

November 2024

The Australian Tyre Recyclers Association (ATRA) and the Federal Chamber of Automotive Industries (FCAI) support additional regulations for end-of-life tyres (ELT) that focus on addressing existing market failures.

This paper summarises where such regulatory support could be directed and elements of a co-regulatory scheme that could support used tyre recovery. It is in response to the current policy development process being led by the Western Australian Department of Water and Environment, as requested in the Environment Ministers' Meeting Agreed Communique on 9 June 2023.

Introduction

Australia's existing regulated used tyre collection and recycling market is already highly effective. Passenger and commercial sector collection rates are 97 per cent - 98 per cent and recovery is around 89 per cent¹.

There is no apparent market failure to warrant an intervention in the existing collection and recycling market for passenger and commercial tyres.

Published data of Off-The-Road (OTR) tyre recovery performance is however at only around 1 per cent for mining and agricultural tyres², which clearly represents a market failure and where government intervention should be considered. This market is distinct from the passenger and commercial markets and fees or regulatory interventions are likely to be unique to it.

Finally, there is a need for greater inclusion from key stakeholders and governance reforms required for the success of any future possible scheme.

A co-regulated used tyre scheme

A revised co-regulated scheme would focus on addressing remaining challenges in the passenger and commercial ELT industry such as legacy stockpiles, the collection of ELT in remote areas and targeted actions on waste generators operating illegally. A co-regulated scheme could also support domestic demand opportunities for recycled tyre materials, encouraging government procurement of recycled rubber products.

A co-regulatory scheme focused on market failures, that includes representation of the tyre recycling and automotive import industries in its governance structure, is likely to encourage significant voluntary participation. It is acknowledged that a scheme may however need to mandate the participation of all importers.

A revised scheme should also enable an enhanced and more effective collaboration in enforcement activities between the scheme administrator and state/territory-based EPAs.

Existing failures in the industry and End of Life Tyre (EOLT) Regulatory Options

The clearest market failure in the used tyre recovery sector is the very low recovery of **Off-The-Road (OTR) tyres**.

¹ 'Collection' includes legal landfill disposal and 'recovery' denotes those tyres put to some secondary use

² Industry experience suggests this recovery could be higher at around 10%

With a decision to implement a state-based onsite disposal ban for OTR's in NSW, Western Australia and Queensland alone, approximately one-third of Australia's used OTR tyre resource (approx. 112,000 tpa³) currently buried-onsite could be made available to the recycling market and appropriately recovered.

Additional landfill bans for processed used passenger and commercial tyre products would also close the gap between collection and recovery bringing the Australian market to standards that equate to world best practice.

The lack of **domestic off-take** of tyre derived products could be improved. While export markets are healthy and productive, with large volumes of tyre derived fuel (TDF) now going to countries such as Japan and South Korea, domestic markets would provide additional certainty and likely positive financial outcomes via avoided shipping costs.

Australian TDF is also making a meaningful impact in Asian economy net-zero ambitions as **TDF reduces greenhouse gas emission** by 30 per cent to 40 per cent. There is an opportunity for Australia to also be a beneficiary of similar emissions reductions from TDF.

Governance improvements including more effective engagement with both the tyre recycling industry and additional potential used tyre scheme levy payers could also improve Australia's existing scheme.

Finally, TPSS levy funds should go to support a program of **waste generator compliance** supporting existing State regulations and enforcement efforts.

While the majority of the retail sector operates legally and responsibly in having their used tyres disposed through licenced operators, a targeted enforcement program could address the 2 per cent-3 per cent of remaining illegal disposals. This would include scheme support for existing state government enforcement work. For instance, tyre manufacturers/ importers could discontinue supplying new tyres to retailers that have been prosecuted for contracting illegal tyre disposal.

Conclusion

A revised coregulated Market Based Scheme should;

- Focus efforts on remnant challenges such as remote area collections, legacy stockpile removals and the 2 per cent-3 per cent of used tyres illegally disposed of and impose landfill bans on all used tyres.
- Target the largest market failure in the sector, namely the 130,000 tonnes of OTR's disposed of on site, while ensuring these costs do not unduly lean on the recovery of end-of-life tyres from passenger and commercial vehicles.
- Leverage and protect existing tyre recycling capabilities and investments, fostering a healthy and competitive market, and
- Include representation of the tyre recycling and automotive import industries in its governance.

END

³ TSA [Tipping the Balance Report](#)'