



**COMMITTEE SECRETARY
SENATE STANDING COMMITTEES ON ENVIRONMENT AND COMMUNICATIONS
PO BOX 6100
PARLIAMENT HOUSE
CANBERRA ACT 2600**

DEAR COMMITTEE SECRETARY,

Senate Inquiry - Waste reduction and recycling policies

InfraBuild welcomes the opportunity to make a submission to the inquiry into 'The effectiveness of the Albanese Labor Government's waste reduction and recycling policies in delivering a circular economy'.

InfraBuild is a metals recycler and a vertically integrated, electric arc furnace-based steel manufacturer, processor and distributor, with more than 4,700 employees across more than 150 locations. The steel products that InfraBuild manufactures are essential for Australia's infrastructure, construction, renewable energy, manufacturing, mining and rural industries.

InfraBuild recycling businesses provide metal recycling solutions to a broad range of scrap metal generators such as householders, local government, mining, demolition, industrials, automotive recyclers, waste companies. Unprocessed scrap is purchased, collected, and processed by separating the metals from other forms of waste. Metals such as steel, iron, aluminium, and copper can be recycled an infinite number of times, as their metallic properties do not deteriorate with repeated melting and casting. InfraBuild Recycling captures 98% of recoverable metals in the recycling stream.

InfraBuild's two electric arc furnaces produce approximately 1.3 million tonnes of steel per annum from recycled processed ferrous scrap. The facility located in Laverton Victoria has been operating since 1983 and the facility in Rooty Hill NSW has been operating since 1992. The carbon emissions intensity of the steel produced from InfraBuild's Electric Arc furnaces is approximately 1/3 of the emissions produced by the basic oxygen steel making process.

InfraBuild has an ambition to be Carbon Neutral by 2030 and has a clearly identified decarbonisation pathway. As a metal scrap recycler and a steel producer that is reliant on processed ferrous scrap to produce low emissions intensive steel, InfraBuild plays a key role in the circular economy and assisting Australia decarbonise its infrastructure.

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InfraBuild's submission responds to the following elements of the terms of reference

(b) the efficacy and progress on circular economy deliverables;

InfraBuild calls on the Albanese Labor government to strengthen the efficacy and progress on the circular economy by regulating the export of unprocessed scrap.

As the Australian and global steel industry decarbonises, the availability of processed ferrous scrap will become an increasing critical commodity on the pathway to producing zero emissions steel. New investments in Electric Arc Furnace steel making and higher proportions of recycled ferrous scrap use in integrated blast furnaces operations in order to reduce emissions, will increase the demand for processed ferrous scrap.

The Australian Steel Institute, the peak body for the domestic Australian steel industry, forecasts that the increased demand for ferrous scrap in Australia will be an additional 500,000 tonnes per annum in the next 3 years and up to 2.5 million tonnes per annum in the next 3-10 years.

Unprocessed scrap includes items that don't have the non-metallic components, such as glass, plastic or rubber, separated. To process light gauge scrap, products such as white goods and cars are processed through a hammer mill known as a shredder. The waste generated by the shredding process is known as flock.

In November 2022 the Australian Steel Institute (ASI) and the National Waste and Recycling Industry Council (NWRIC) made a presentation to the Standing Committee on Climate, Change, Energy, the Environment and Water calling for a ban on the export of unprocessed ferrous scrap metal.

To support the ban, the ASI and NWRIC provided economic modelling conducted by Australian Economic Advocacy Solutions (AEAS) in the Report: Economic and Environment Benefits from an Australian Unprocessed Ferrous Scrap Metal Export Ban.¹ Unlike waste plastic, glass, paper or tyres, the report noted that Australia has significant spare capacity domestically to process more scrap metal.

The report found that almost 1.1 million tonnes of unprocessed ferrous scrap metal mixed with waste material is being exported from Australia each year, mostly to developing countries. These exports are mainly in the form of baled cars and white goods. This unprocessed scrap metal includes an estimated 268,000 to 321,000 tonnes of attached waste materials such as glass, plastics, textiles and tyres. Mixed in with unprocessed scrap metal, exports of these waste materials are effectively circumventing the bans imposed by the Recycling and Waste Recycling Act.

Waste disposal in Australia is a rising and significant cost to Australian processors of scrap metal. Exporters of unprocessed scrap metal in the main are able to avoid the cost of waste disposal creating an unfair playing field for domestic processors and undermining the government's ambition to increase economic benefits and maximise opportunities in the circular economy.

¹ Attachment -AEAS -Economic and Environment Benefits from an Australian Unprocessed Ferrous Scrap Metal Export Ban



Regulating the export of unprocessed scrap metal would result in significant environmental, social and economic benefits for Australia and globally.

The AEAS report noted

Ferrous scrap metal is a critical input to support the sovereign capability of our national steel manufacturing industry. A ban would potentially result in an increase in the number of 'mill ready' tonnes of ferrous scrap metal for use in Australian steel production. The 1,070,575 tonnes of unprocessed scrap steel being exported annually could be processed and used locally by Australia's steel mills. Following the removal of non-recyclable materials this would result in a net 749,375-802,975 tonnes of additional feedstock for Australian steel mills.

Based on AEAS modelling a comparison between processed versus unprocessed ferrous scrap metal indicates that processing the metal in Australia provides a higher value add and employment contribution to the Australian economy than the unprocessed export of the same ferrous scrap metal. For every 10,000 tonnes of ferrous scrap metal, the scrap metal processors create \$4,840,358 in value add and 26 jobs. By contrast unprocessed ferrous scrap metal exporting business only create \$1,344,544 in value and 7.2 jobs. As a consequence of the smaller value add and employment contribution, unprocessed scrap exports leads to a foregone \$374.3 million of value add to the Australian economy and 2,008 fewer Australian jobs.

Processed scrap is a global traded commodity that is purchased by domestic Australian steel makers at an export parity price. Increasing the amount of processed scrap available domestically will have minimal impact the prices that it is sold for, however it will reduce sovereign supply chain and biosecurity risks, increase the value of exports of any excess capacity and result in improved global environmental outcomes.

ABS data shows that between 50 to 60 per cent of all scrap metal exports go to India, Indonesia and Vietnam, a further 35 to 40 per cent goes to Bangladesh, Taiwan, Thailand and Malaysia, with the remaining 10 to 15 per cent going to Kuwait, China, Pakistan and Saudi Arabia.

A report by MRA Consulting Group found that –

“Flock which is generated and disposed of overseas in Southeast Asian export destinations is not managed to the high environmental standards that exist in Australia. The World Bank estimates 75 per cent of the collected waste in South Asia is dumped in open dumpsites. Open dumpsites are effectively large holes in the ground with no planning regulations, no impermeable lining, no landfill gas capture, no leachate capture, and no wastewater treatment.”²

² MRA Consulting Group - The Waste Levy and NSW Metal Shredders - A Report for Sell & Parker, Sims Metal and InfraBuild



The Government must ensure that the recycling and the production of steel is not shifted to areas of the world resulting in global net negative environmental impacts. The policy instrument that should be adopted is prohibiting the export of scrap metal bearing waste materials. This would align with the objectives of the Commonwealth's Recycling and Waste Reduction Act which regulates the export of unprocessed glass, plastic, paper and cardboard and tyres.

Prohibiting the export of unprocessed ferrous scrap aligns with key objectives of the Waste and Recycling Act 2020 which include:

- to realise the community and economic benefits of taking responsibility for products, waste from products and waste material.
- promote a circular economy that maximises the continued use of products and waste material over their life cycle and accounts for their environmental impacts.

(c) the progress on the implementation of mandated product stewardship schemes;

InfraBuild highlights it's concern about the increased frequency and severity of fires caused by Lithium batteries disposed in waste streams that threaten the safety and viability of the recycling industry. InfraBuild calls on the Albanese government to establish a mandatory, fit-for-purpose product stewardship scheme for Lithium -Ion batteries.

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