

Inquiry into scrap metal theft

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PARLIAMENTARY INQUIRY INTO SCRAP METAL THEFT IN QUEENSLAND

Civil Contractors Federation Queensland Ltd



**CIVIL CONTRACTORS
FEDERATION QLD LTD**

22 September 2023

Committee Secretary
Transport and Resources Committee
Parliament House
George Street
Brisbane Qld 4000

RE: PARLIAMENTARY INQUIRY INTO SCRAP METAL THEFT IN QUEENSLAND

Dear Transport and Resources Committee,

Thank you for providing us with the opportunity to be able to provide some insight into how scrap metal theft has impacted the civil construction industry ('the industry') in Queensland as part of the Parliamentary Inquiry into Scrap Metal Theft in Queensland ('the Inquiry').

About us

Civil Contractors Federation Queensland Ltd ('CCF QLD') is the peak body that represents the civil construction industry throughout all of Queensland.

Our representation encompasses a range of industry perspectives from resources and services that support the delivery of infrastructure to the physical delivery of the infrastructure needs of Queensland.

The size of the businesses we represent range from small businesses to Tier 1 companies. We assist businesses of every size across the civil construction industry.

CCF QLD represents businesses, whose employees are engaged in all aspects of the civil construction industry including:

- Roads and bridges – freeways, highways, urban and rural
- Land development – housing, commercial and industrial subdivisions
- Water treatment and reticulation
- Sewer treatment and reticulation
- Telecommunications infrastructure
- Electricity distribution

- Pipelines
- Dams
- Irrigation infrastructure
- Quarrying
- Land improvement – rural earthworks
- General excavation
- Drainage
- Marine civil
- Retaining walls
- Rail works
- Demolition
- Renewable infrastructure

CCF QLD also represents businesses whose employees provide support through services and products including:

- Manufacturers of products, such as pipes and steel
- Suppliers of raw materials, such as quarry products, concrete and bituminous products
- Equipment sales and hire
- Suppliers of fuels and lubricants
- Professional services, such as legal, accounting, recruitment, insurance and superannuation.

Background

The scrap metal market has become increasingly popular as the need to reduce, reuse, and recycle becomes more prevalent. The industry will play a key role in promoting the waste reduction and recycling initiatives that benefit the lives of all Queenslanders.

Unfortunately, the unregulated nature of the scrap metal market has become an increasing problem for the industry that has increased the time and costs of projects.

CCF QLD developed a survey to obtain feedback from the industry, based on the terms of reference below.

Terms of Reference

That the Transport and Resources Committee (the Committee) inquire into and report to the Legislative Assembly by 24 November 2023 on scrap metal theft in Queensland and in doing so consider:

1. *the types of metal at risk of being stolen and resold as scrap, taking into consideration copper, precious, and other metals, and vehicle parts;*

2. *how the scrap metal market operates, including the supply chain and payment methods;*
3. *the prevalence of scrap metal theft in Queensland;*
4. *the direct and indirect impacts of scrap metal theft on Queenslanders, such as costs, disruption, and essential service delivery;*
5. *direct and indirect risks to worker and community safety, as well as other risks such as environmental harm;*
6. *the effectiveness of the existing Queensland laws and approach in preventing, investigating and prosecuting scrap metal theft in Queensland;*
7. *a recommended contemporary legislative, regulatory and enforcement framework for deterring, detecting and disrupting scrap metal theft which is informed by national and international approaches and experiences; and*
8. *other non-regulatory measures, such as information sharing, education and public awareness raising, and technology solutions, which may assist in reducing the prevalence and impact of scrap metal theft in Queensland.*

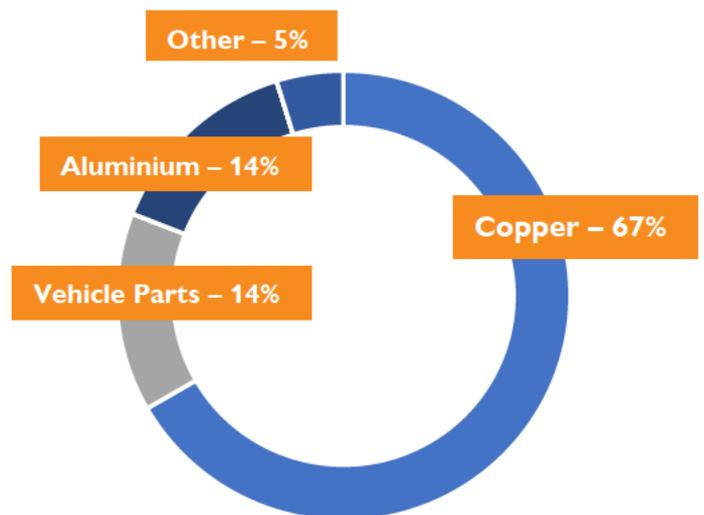
Please see below for the results of the survey.

1. The types of metal at risk of being stolen and resold as scrap, taking into consideration copper, precious, and other metals, and vehicle parts

There were 10 options provided to the industry in the survey including:

- Copper
- Vehicle Parts
- Aluminium
- Iron
- Brass
- Stainless Steel
- Lead
- Rare Materials
- Bronze
- Other

The four largest sources of scrap metal theft based on the survey was copper (67%), vehicle parts (14%), aluminium (14%), and other (5%). The “other” in this instance was fuel.



Graph 1: Types of scrap metal stolen

2. How the scrap metal market operates, including the supply chain and payment methods

The scrap metal market currently operates predominantly unregulated with the general public having quick and easy access to recycling services that can provide cash for scrap in a matter of minutes

The survey revealed that 37.5% of the industry identified that cash was the form of payment for the scrap metal market. One respondent said that “it is very easy to dispose of scrap metal and receive payment...[T]here are very few barriers to sell stolen metal.”

The scrap metal market, being both unregulated and easy to access, makes tracking stolen scrap extremely complex. One respondent said that “scrap copper is sold to pawn dealers and then on sold to scrap metal merchants to remove potential identification of sources.”

3. The prevalence of scrap metal theft in Queensland;

The survey provided the industry with a scale from 1-5 to indicate how often they experience scrap metal theft in Queensland with 5 being “extremely often” and 1 being “not at all.”

The average of all the responses was 3.88 with 68.75% of the answers being between 4-5.

5	4	3	2	1
43.75%	25.00%	12.50%	12.50%	6.25%

4. The direct and indirect impacts of scrap metal theft on Queenslanders, such as costs, disruption, and essential service delivery

The *direct impacts* on the industry include:

- Costs for rework
- Costs for insurance (both premium and excess)
- Delays

The indirect costs for the industry are both the cost to rework the project when essential products are stolen, but also the costs for insurance as rises in premiums and excess are common.

Many respondents indicated that costs were a primary direct impact for the industry. One respondent said that there was a cost of “\$500,000 in 3 months” with another respondent saying that scrap metal theft had costs them “[M]ore than \$1 million.” Other respondents noted that there were increased costs associated with additional measures taken by the industry to improve security and prevention measures (such as security cameras, lockable pits, and filing pits with sand).



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Many of the respondents noted that there was increased delay with projects, with one respondent indicating that it could “take up to 14-15 weeks to deliver” replacement material that is often not available in Australia.

The *indirect impacts* on Queensland from increased costs and delays associated with scrap metal theft includes:

- Cost overruns
- Decreased productivity due to rework and additional resources needed to complete projects.
- Increased infrastructure funding gaps in the pipeline
- Longer waiting times for essential infrastructure and reduced reliability and availability of infrastructure. This is a concern considering the infrastructure objectives for the approaching 2032 Brisbane Olympic and Paralympic Games.

5. Direct and indirect risks to worker and community safety, as well as other risks such as environmental harm

The *direct risks* to worker and community safety include:

- The exposure of live wire/supply cables to people as contact with the wires can result in electrocution and fire hazards can result in property damage.
- The exposure of live wire/supply cables to the environment could result in increasing fire hazards and environmental damage.
- Road overhead lighting and traffic light systems would not work which can result in a decrease in visibility and an increase safety risk for cars and pedestrians.

The *indirect risks* to worker, community and environmental safety include:

- Environmental contamination if the scrap metal is not handled correctly
- Utility disruptions (such as power and telecommunication).

The industry notes that the risk for someone to be injured or killed if this is not addressed is a real concern as there have been a number of live services found sticking out of the ground.

6. The effectiveness of the existing Queensland laws and approach in preventing, investigating and prosecuting scrap metal theft in Queensland

Preventing

Not effective	Somewhat effective	Neutral	Effective	Highly Effective
81.25%	0%	12.50%	6.25%	0%



Investigating

Not effective	Somewhat effective	Neutral	Effective	Highly Effective
37.50%	43.75%	12.50%	6.25%	0%

Prosecuting

Not effective	Somewhat effective	Neutral	Effective	Highly Effective
56.25%	18.75%	25.00%	0.00%	0.00%

The survey results show that 43.75% of the industry says that the investigation of scrap metal theft is somewhat effective with 37.50% saying that it is not effective.

In regard to prosecuting, 56.25% of the industry says that the prosecution of scrap metal theft is not effective with 25% of the industry saying that it is neutral.

The major point of discussion for these results is 81.25% of the industry has indicated that the current prevention strategies are **not effective**. This means that there is a major gap that needs to be addressed in relation to preventing scrap metal theft from occurring in the first instance.

7. A recommended contemporary legislative, regulatory and enforcement framework for deterring, detecting and disrupting scrap metal theft which is informed by national and international approaches and experiences

The industry notes that there needs to be legislation that allows for a more rigorous process for the selling/disposal of scrap metal for both the seller and the purchaser including:

- Evidence of ownership (such as a signed contract for the work) or requirement to provide trackable identifiers (such as an Australia Business Number) when depositing or disposing of scrap metal
- Greater regulation on purchasers of scrap metal (such as recording of transactions)
- Prohibit cash payments for scrap metal
- Greater deterrence mechanisms (such as penalties) to reduce repeat offenders
- Require purchasers of scrap metal to be licensed.

CCF QLD would recommend legislation that regulates the scrap metal market, similar to the *Scrap Metal Industry Act 2016* (NSW) and the *Second-Hand Dealers and Pawnbrokers Act 1989* (Vic). This includes adopting similar provisions in Queensland such as:

- Requirement for scrap metal businesses to be registered
- Prohibiting cash payments
- Duty on the business owner to report stolen scrap metal
- Prohibiting buying or disposing of unidentified motor vehicles
- Requirement for transaction records to be kept.
- Consequences for contravening the legislation (e.g. penalty units).

8. Other non-regulatory measures, such as information sharing, education and public awareness raising, and technology solutions, which may assist in reducing the prevalence and impact of scrap metal theft in Queensland.

The industry has already been using some non-regulatory measures with limited success to prevent cable theft including motions sensors and security cameras at site compounds, increased security patrols, police drive-by, and filling cable pits with sand.

Under most construction contracts, including Department of Transport and Main Roads (TMR) contracts, the contractor is responsible for the care of the works. This includes installed or uninstalled materials. The instances of theft are still occurring despite the preventative measures put into place by the contractor.

The industry notes the following non-regulatory measures that may be appropriate in the circumstances:

- Having one harmonised body to investigate scrap metal theft as right now there are several (e.g. Clients, Energex, and the Electrical Safety Officer).
- Increased education on the serious consequences of scrap metal theft including health and safety.
- Increased information sharing between the police, the industry, and scrap metal recycling industries to help uncover crime trends and patterns that can assist in the efficient deployment of policing and security resources. This can be facilitated through a centralised and anonymous reporting point.
- Promote reporting of crimes in progress as theft can often occur in areas open to the public.
- Increased liability for purchases of scrap metal such as compensation for the loss to the owner of the stolen metal.

Additional comments

- It is hard to have one solution that fits all. As the industry is not aware of all of the details of scrap metal theft (such as locations, types of theft, etc) it is hard for the industry to prepare for when new types of theft appear each week. A fact sheet with the criminal operations would be helpful.
- There will be more deaths as thieves try to steal energised copper, if and when this occurs, the owners and contractors need to be dealt with fairly if they have followed normal handover processes; with reduced liability in those instances (including insurance).
- Provide more resource to Queensland Police Service ('QPS'). There are laws in place for theft, it appears that QPS are under resourced to manage scrap metal merchants receiving stolen metal.
- Look to other states in Australia that manage this better than Queensland.



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We want to thank you again for providing us with the opportunity to write a submission for the Inquiry. We hope that this submission provides some insight into the ways in which scrap metal theft is impacting the civil construction industry in Queensland.

We also hope that we can work collaboratively to ensure that this issue is resolved for the benefit of not just the industry, but for the benefit of everyone in Queensland.

If you require any further information, please do not hesitate to contact us on 1300 223 753 or email us at admin@ccfqld.com.

Kind Regards,



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