

Inquiry into scrap metal theft

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SUBMISSION

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Committee Secretary

Transport and Resources Committee

Parliament House

George Street Brisbane QLD 4000

By Email : trc@parliament.qld.gov.au

Inquiry into scrap metal theft

Introduction

The Motor Trades Association of Queensland (MTA Queensland) welcomes the opportunity to respond to Transport and Resources Committee inquiry into scrap metal theft in Queensland.

Consideration for response

- 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;***

Catalytic converters, diesel particulate filters (DPFs), and diesel particulate diffusers (DPD) have become high-value targets for thieves to access as they contain rare earth metals such

as platinum, palladium and rhodium, which can be easily extracted. These metals are worth up to seven times as much as gold.

As the devices can be removed from vehicles in just a few minutes, offenders are targeting shopping centre carparks, car yards, and anywhere else large numbers of unattended vehicles are found, impacting both unassuming consumers and businesses.

The automotive industry is reporting that it is experiencing repeated thefts and the harvesting of catalytic converters at rental yards, car yards, parts recycling yards and general curbside car parks. Similarly, the theft of DPDs and DPFs are occurring from trucks.

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

For authorised motor vehicle recyclers and scrap metal merchants regulations exist that require these businesses to verify the identity of the seller and only process payment through a bank account, so that transactions and sales data is accurately and formally recorded, and can be traced. The automotive industry is reporting there has been the emergence of a significant black market where individuals and unscrupulous businesses transact outside the rules, including cash transactions. On such occasions there is no attempt made to check if the property is stolen or warning signs are ignored.

3. The prevalence of scrap metal theft in Queensland;

The frequency of theft is difficult as it appears the Queensland Police Service (QPS) cannot categorise these thefts accurately. From firsthand accounts, the Motor Trades Association (MTA) Queensland is aware of more than \$300,000 in theft and damages from two rental operators and one dealership in Southeast Queensland (SEQ). This cost is accentuated due to the downtime of waiting for replacement devices to return these vehicles to being serviceable.

One account MTA Queensland received was from a member business who reported that nine DPDs were stolen in one evening, resulting in theft and damages of \$70,000.

In another instance, a member business reported that over a 12-month period, they have been targeted on multiple occasions. During this period, they have recorded the theft of 16 catalytic converters from Toyota vehicles, valued at a total of \$16,000, 20 DPDs and DPFs, valued at \$75,000, while three light commercial vehicles and one truck have also been tampered with, leaving damages of \$43,000.

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These values do not include the cost of the downtime where the vehicles are sitting idle waiting for replacement parts. Due to the current delays in accessing replacement parts, trucks have been unproductive for up to three months. Three months down time for one of those trucks is estimated to amount to approximately \$12,000 (plus GST). For light commercial vehicles, the downtime is approximately ten weeks, which has a significant impact as well. In addition, it is often the case that wiring is damaged in these thefts, which adds further costs to businesses.

This issue is not solely limited to the automotive service, retail, and repair sectors. The growing prevalence of thefts are also being reported by the media where consumers are being targeted by criminals in open car parks at shopping centres, beaches and sporting clubs etc. This adds to the concerns and escalates the need for urgent intervention.

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

As outlined above, direct costs for replacement devices are a significant aspect. Vehicle repair time and returns to service is another. A recent experience for a business included a three month wait for repairs and a \$12,000 cost for the replacement device, plus towing to a repairer. This delay resulted in reduced revenue from that particular vehicle of \$21,000.

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

Catalytic converters, as well as DPDs and DPFs, are required to be fitted to all Australian vehicles to comply with the Australian Design Rules (ADRs), a national standards policy for vehicle safety, anti-theft and emissions. In many instances, a vehicle that has been tampered with can still be operated. However, research¹ suggests that a functioning catalytic converter or DPD/DPF will convert approximately 90% of tailpipe emissions (hydrocarbons, carbon monoxide, and nitrogen oxides) into less harmful gases. A vehicle operating without one will result in significantly higher levels of emissions and pollution being produced, posing significant health risks, and impacts on the environment.

¹ A. Vembathu Rajesh, C. Mathalai Sundaram, V. Sivaganesan, B. Nagarajan, S. Harikishore, Emission reduction techniques in CI engine with catalytic converter, *Materials Today: Proceedings*, Volume 21, Part 1, 2020, Pages 98-103, ISSN 2214-7853, <https://doi.org/10.1016/j.matpr.2019.05.369>. (<https://www.sciencedirect.com/science/article/pii/S2214785319312325>)

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

The industry is disappointed at the approach to addressing these crimes. It seems that there is limited activity occurring in terms of crime prevention. Some arrests have been reported but reports that MTA Queensland receives highlights that the practice of these thefts has remained widespread and apparently quite lucrative. MTA Queensland members are of the view that the current penalties for this illegal activity do not go far enough to deter offenders, nor are they enforced to an extent that discourages the act. The other challenge that must be addressed is that these devices are currently not monitored or identifiable with serial numbers, meaning there is no ability to track and trace the movements of each individual artifact. An offender can walk into an unscrupulous, illegitimate scrap yard with a handful of cut-off converters with no questions asked and they are lost from circulation forever, which jeopardises the integrity of the automotive industry and of legitimate parts recyclers.

At the manufacturing level, little appears to have been done globally to address this issue through the implementation of design changes. As a result of these devices being targeted, a lucrative market has emerged for Original Equipment Manufacturers (OEMs) to produce and sell replacement catalytic converters and DPDs/DPFs, constraining any interest in the redesign of vehicles to ensure the devices are in a position that makes them harder to access.

In addition to stricter enforcement of penalties, the Australian Government has an opportunity to introduce improved standards and requirements that pressure OEMs to improve the measures they take to enhance the safety of consumers from DPD/DFD theft. This can include mandating the introduction of tracking mechanisms or theft prevention measures that is policed appropriately.

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;

Potential markets for materials in DPF/DPD and catalytic converters are still developing in Queensland and Australia, however they are already well established globally. The market is now developing fast in Australia. Intervention is required to address this rising trend. An expansion of the current regulatory regime is required as an immediate first step, including a comprehensive overhaul of police enforcement and penalties (significant non-discretionary fines and imprisonment).

Developing new and improved standards that force OEMs to improve vehicle design, as well as the traceability of parts prior to being imported into the country, is also a must. As previously stated, manufacturers currently have little motivation to do this.

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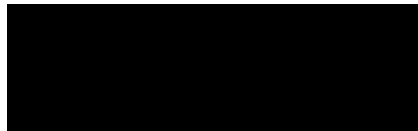
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8. Other non-regulatory measures, such as information sharing, education and public awareness raising, and technology solutions, which may assist in reducing the prevalence and impact of scrap metal theft in Queensland.

Vehicle manufacturers need to take the lead on this issue by installing a tracing system, ideally a serial number system that can withstand the hot temperatures catalytic converters and DPDs/DPFs regularly reach, for all new vehicles entering the country. The ability for OEM's to complicate the removal of devices would also assist. This is challenging considering OEM's profit from part sales.

For vehicles and parts already in circulation, the government needs to work with OEMs and industry to identify resolutions. Various solutions already exist that may potentially assist in slowing the practice, including advanced tracking technologies. To determine the effectiveness of these solutions, MTA Queensland proposes that a pilot trial be conducted in collaboration with the QPS, where the technology is installed on vehicles in a high-risk area.

Yours sincerely



Rod Camm
MTA Queensland Group Chief Executive Officer

ENDS

For more information:

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Background:

The Motor Trades Association of Queensland (**MTA Queensland**) is the peak body representing the interests of employers in the retail, repair, and service sectors of Queensland's automotive industry. MTA Queensland has been performing its vital representative role for the automotive industry since 1929. In Queensland there are some 16,000 automotive businesses employing more than 90,000 people, that generate more than \$7.24 billion to the state economy annually. The automotive industry is estimated to contribute \$37 billion to the Australian economy each year. The Association represents and promotes issues of relevance to all levels of government. In 2019 MTA Queensland was announced as an ABA100 winner in The Australian Business Awards and a finalist in the Lord Mayor's Business Awards, for Business Innovation.

The **MTA Institute (RTO 31529)** is the leading automotive training provider in Queensland offering nationally recognised training, covering technical, retail and the aftermarket sectors of the automotive

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industry. The MTA Institute is the largest independent automotive training provider in Queensland, employing experienced trainers who are geographically dispersed from Cairns to the Gold Coast and Toowoomba to Emerald. In the last year, the MTA Institute delivered accredited courses to more than 2,000 students. The MTA Institute is the first trade RTO in Australia to be approved under the ITECA Industry Certification Program and was the winner of the Small Training Provider of the Year at the 2019 Queensland Training Awards.

MTAiQ, Australia's first automotive innovation hub established by MTA Queensland in 2017, is an ecosystem that supports innovation and research for the motor trades.

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