

AMRIA
AUSTRALIAN METAL RECYCLING INDUSTRY ASSOCIATION (Vic.)

Incorporated under the Associations Incorporation Act 1984
ABN. 55 614 657 270

AMRIA Submission

Victorian Law Reform Commission

Use of Regulatory Regimes in Preventing the Infiltration of Organised Crime into Lawful Occupations and Industries

The Australian Metal Recycling Industry Association (AMRIA) welcomes the opportunity to provide a response to the Victorian Law Reform Commission (VLRC) Consultation Paper regarding the Use of Regulatory Regimes in Preventing the Infiltration of Organised Crime into Lawful Occupations and Industries

AMRIA wishes to apologise for the lateness of this submission, having only become aware of the VLRC's request for submissions earlier this week.

Australian Metal Recycling Industry Association

The Australian Metal Recycling Industries Association was formed to promote the interests of the metal recycling industry nationally, to promote cooperation between member firms, to solve common problems, to work with government on policy affecting recycling and to inform the public on the considerable environmental advantages of metal recycling.

AMRIA was established in 1985 by a small group of metal recyclers whose aim was to set up a code of ethics for the industry and to establish a system of Best Practice for dealing with other dealers, customers and suppliers.

Our members are traders of metal, recycling and processing scrap metal both ferrous and non-ferrous, as well as automotive metals and arisings from metal manufacturers across the country. They import and export, pick up from customers premises and specialise in metal recycling

Concerns

AMRIA is concerned about the number of unlicensed operators moving into the Industry. Under Victorian law, all scrap metal dealers are governed by the Second-Hand Dealers and Pawnbrokers Act and the accompanying Regulations.

The Second-Hand Dealers and Pawnbrokers Act and regulations contain some quite onerous requirements to ensure accurate recording of transactions and also to facilitate the tracing

and detection of stolen scrap metals, Operators are required to be licensed (be of good character) and the licence must be displayed at the business premises, however these requirements are rarely enforced

The Australian Tax Office (ATO) has further rules (The Scrap metal Industry Code of Compliance) to ensure the proper identification of a "seller", also along with requirements for a defined document system.

Thefts of metals from Public Transport facilities, power companies and building sites, has had a significant effect on Society. Trading what is known as "cash no documents" draws illegal sellers and buyers together enabling trade in stolen materials. It is easy to mix stolen materials with legitimately purchased material

State infrastructure (ie Trains trams, telco's) are seriously affected when copper wire switchgear etc. is stolen from the system. This material invariably finds its way into the hands of unlicensed/ illegal scrap traders who are able to pass the material on as legitimate. Scrap metal, unlike many other products is easily able to be transformed in description by the use of shredding, baling crushing melting. These processes transform the product into a form which is very dissimilar to its original form making it very difficult to trace back to its original owner to prove theft.

Where the scrap metal dealer also fails to keep full and proper records, it is almost impossible to trace the origins.

AMRIA believes that these unlicensed operators reduce their operating costs by flagrantly disregarding the requirements of The Second-Hand Dealers and Pawnbrokers Act, the ATO's Scrap Metal Industry Code of Compliance, EPA regulations for discharges to the environment, and Victorian WorkCover Authority rules for the provision of a safe and healthy work place.

These practices give the unlicensed operators a distinct cost advantage over the legitimate dealer and has a significant impact on the community as a whole.

The Scrap Metal recycling is largely a Cash industry with consequences outlined in the VLRC, review documentation.

Low financial set up costs

A scrap metal business requires low financial set up cost.

Dealers require no particular education or skills and so the industry may attract the less scrupulous, whilst there are currently quite strong laws in place to regulate owners and operators of scrap metal businesses, they are rarely policed. AMRIA asserts there are virtually no barriers for unlicensed persons to enter into the scrap metal industry.

Recommendations

AMRIA suggests that similar to the Motor Traders Act, Scrap Metal dealers should be obliged to place in prominent view on all advertising material, their Second-Hand Dealers

licence number. Where non-compliance occurs, Fines and Enforceable Undertakings removing advertisements should be applied against unlicensed persons

AMRIA believes that current laws i.e the Second-Hand Dealers and Pawnbrokers Act and Regulations and the ATO's Scrap Metal industry Code of Compliance, whilst they have some flaws, have sufficient power to effectively regulate the Metals Recycling Industry.

It is AMRIA's view that the reasons that unlicensed persons are able to operate in the Industry is not a lack of laws but rather a lack of application of those laws, by the processes of inspection and enforcement.

Further whilst AMRIA advocates some revisions to the Second-Hand Dealers and Pawnbrokers Act, we contend that changing or introducing new laws will have little or no effect unless those laws are supported by a rigorous regime of audits, inspections and prosecutions.

AMRIA would welcome the opportunity to discuss these issues with you.

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Paul Ryan
Association Secretary