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David Fowler
Director Regulatory Reform and Advice Branch
Environment Protection Authority
PO Box A290
Sydney South NSW 1232

Dear David,

Sims Metal Management NSW (SMM) welcomes the opportunity to comment on the review of the EPA's Load-Based-Licensing scheme (LBL).

Sims Metal Management is the world's leading publicly listed metal recycler, with operations encompassing the buying, processing and selling of ferrous and non-ferrous recycled metals. The metals recycling operations are geographically diverse, with operations in five continents, including the United States, Australia and the United Kingdom. In New South Wales we operate in 8 separate locations throughout the State. These sites comprise a Metal Fragmentiser located in St Marys and a non-ferrous sales and bailing operation in Milperra supported by a network of feeder yards from which to source recyclable ferrous and non-ferrous metals. Currently three (3) of our sites - St Marys, Milperra and Newcastle have an Environment Protection Licence (EPL) under the Schedule Activity of Metallurgical Activities with the Fee Based Activity of Scrap Metal Processing. As such the sites are not yet subject to Load-Based-Licensing.

Notwithstanding the above, SMM would like to express its concern for some of the potential issues that may arise as a result of changes to the LBL.

Firstly, given the loss of revenue caused through the general misadventure surrounding waste levies and the transport of waste to cheaper jurisdictions SMM is concerned that the EPA is looking for new sources of revenue and one of those sources is set to become increased revenue from existing EPL licence holders operating within both the spirit and rule of law. Perhaps most importantly, the scope of those increased revenues from existing EPL holders must be treated with greater reverence. For instance, at a recent LBL presentation provided by the EPA and attended by SMM at the Australian Sustainable Business Group's Policy Reference Group, EPA officers flagged an increase in the Pollution Fee Unit cost. The EPA's representative referred to a "moderate increase" as one that would witness a doubling of the load based fee. We are perplexed as to how any regulator could describe any doubling of fees as moderate.

This continues to affirm a growing view that the EPA is out of touch with business and the competitive pressures of operating a legitimate business in NSW. In our case we are involved in an industry that is besieged by unscrupulous operators, the likes of which the EPA continues to ignore in terms of enforcement thereby ever widening the competitive gap between legitimate and illegitimate operators. SMM is greatly concerned that the LBL base will be broadened to capture our licences and SMM will be again expected to do the heavy lifting by being subject to ever increasing operating costs which will ultimately lead to a lack of commercial incentive to invest or operate in NSW.

As proof that the EPA continues to focus its revenue raising and policy attention on the select few legitimate operators in our industry, we cite last year's POEO changes around load based limits, wherein the EPA publically announced a decision for metallurgical activities along with other waste and recycling activities to have their EPL limits reduced from 30000Mt to 6000Mt per annum, only for the

EPA to remove metallurgical activities from the final legislation without any consultation. This affirmed the status quo and has seen ever-increasing compliance observance on the select few.

Of course our St Marys site is located in an identified "critical zone" which would only see further multiplier effects on any LBL fee liability. This zone is characterised as being under pressure due to "increasing development, land use change". None of this is created by SMM and we would argue that an appropriate cost benefit analysis that considered social, employment, community welfare and other externalities would seek to find and secure businesses of scale in the Sydney's west as important hubs of economic activity and this won't be the case should those employers be subjected to significant increases in operating cost to justify poor planning in an area we have been operating in for over 40 years. We note the potential for the described LBL focus for western Sydney to be simply a support mechanism for increased fees from legitimate operators who by natural consequence of town planning have many of their operations based in western Sydney.

We support the EPA's drive to achieve better environmental outcomes; however, reductions in pollutants should not be achieved by simply making the expense so great for parties already heavily regulated, such that this is accomplished through businesses closing down.

Finally, SMM would like to impress upon the EPA the application of a form of "green offset" in their thinking, such that it appropriately considers metal recycling as one of the most significant things we can do to help our environment. Using recycled products instead of virgin materials during manufacturing dramatically reduces pollution and carbon emissions. It reduces energy and water consumption and frees up much needed space for necessary landfill. In addition, the threat of global warning highlights just how important the benefits of recycling can be for the entire planet where:

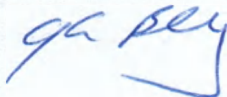
- 1 tonne of recycled steel reduces carbon emissions by 2.1 tonnes
- 1 tonne of recycled aluminium reduces carbon emissions by 7.9 tonnes

Should further information or explanation of this submission be required please do not hesitate to contact me.

Regards,

John Barksby

SHEC Manager - NSW



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