MOTOR TRADERS' ASSOCIATION OF NSW

MTA Group submission to the Inquiry into the current state of the Australian Tyre Industry

January 2026

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ABOUT THE MTA GROUP

The MTA NSW Group encompasses the Motor Traders' Association of New South Wales (MTA NSW), the Motor Trades Association of the ACT (MTA ACT), My Trades Care (MTC), and My Trades Start (MTS).

MTA NSW

For over 115 years, the Motor Traders' Association of New South Wales (MTA NSW) has stood as the premier employers' body advocating for the motoring industry. We proudly represent over 3,200 businesses, collectively employing more than 35,000 workers. Our core mission, our raison d'être, is to elevate the industry's standing in the eyes of decision-makers and the public, thereby advancing our sector for the betterment of the economy and the motoring public.

We are highly active participants in forming legislation that sets nation-leading standards. Our expert industry advice is highly sought after by both state and federal governments. We achieve this through involvement in working groups, industry and government bodies, and skills development initiatives, including holding the Chair of the automotive jobs and skills council's strategic working advisory panel and chairing the NSW Industry Training Advisory Board.

Excellence in Automotive Training

For over 60 years, MTA NSW has been providing industry-specific training. In 1996, we formalised our commitment by becoming a nationally recognised Registered Training Organisation (RTO). Since then, we have strategically grown our training model to become the largest independent, non-profit automotive training provider in NSW, and the second-largest training provider in the state overall, after TAFE.

Our unique one-on-one training structure offers unparalleled flexibility for both employers and apprentices, ensuring highly responsive and tailored training. This dedicated approach means our apprentice completion rates consistently remain above the national average. MTA NSW achieves apprentice completion rates significantly higher than the national automotive apprentice completion rate of, demonstrating the effectiveness of our one-on-one mentoring approach in addressing retention challenges.

Our training methodology earned significant recognition in 2024 when we received Second Place in the NSW Training Awards for Large Training Provider of the Year. Testament to the expert training received, MTA NSW apprentices have gone on to represent Australia at World Skills for the last two years.

MTA ACT

Since 1975, the Motor Trades Association of the ACT has been the indispensable industry body for the motoring industry in Canberra. We represent over 250 businesses, spanning new car dealerships, mechanical and body repair services, and even vehicle dismantling—truly represents the entirety of the automotive lifecycle in the ACT.

Introduction.

The MTA Group welcomes the opportunity to contribute to the Standing Committee's inquiry into the current state of the Australian tyre industry.

The MTA Group which includes the Motor Traders' Association of New South Wales (MTA NSW) and the Motor Trades Association of the ACT (MTA ACT) represents thousands of businesses across the automotive retail and repair sectors, including tyre retailers, recyclers and automotive dealerships both new and used, and vehicle and body repairers as well as those involved in farm machinery and heavy vehicles all of whom interact with the tyre industry across the lifecycle either through sales, service or removal.

Tyres are a critical component in a vehicle's safety system, be that in a small passenger vehicle or a large heavy vehicle used in mining or agriculture. However, tyres also present a complex environmental challenge.

Each year Australia approximately 67 million tyres reach the end of their life[1] creating an environmental dilemma for the industry and regulators. While the percentage of end-of-life tyres are recovered the quantity of tyres either reused or recycled in Australia remains stubbornly low. Australia still exports nearly 70 percent of recovered tyres overseas for energy use to markets including Malaysia and South Korea.

MTA Group supports strengthening the current regulatory environment to a well-designed mandatory co-regulated system that will underpin a more robust circular economy in the tyre industry.

A more robust circular economy framework would move beyond the current linear approach of "import-use-dispose" and instead maximise the life of end-of-life tyres through reuse, retreading and recycling minimizing waste environmental harm and illegal dumping.

A true circular economy for tyres should not simply be about managing waste but be focused on resource resilience and domestic industrial resilience. Currently Australia generates approximately 540 000 tonnes[2] of end-of-life tyres each year, and while we applaud Tyre Stewardship Australia's efforts to improve Australia's reuse and recycling landscape Australia still faces the reality that over 70 percent of recovered tyres in Australia are shipped overseas as low level Tyre-Derived Fuel (TDF) to be burned offshore.

[1] Tyre Stewardship Australia
[2] Tyre Stewardship Australia Annual Report 2023/24

This situation is a missed economic opportunity. Every tonne sent overseas to be burnt in kilns is a tonne of material that can be used in road building or repair or other purposes across the country.

Modern technology allows for more than 90% of a tyre's components to be reclaimed, allowing for a broader use of reused tyres in areas including:

- Civil Engineering & Infrastructure including roads (asphalt sprays and seal, acoustic barriers and rail ballast)
- Industrial products (Conveyor belts, acoustic underlay and load restraint matting)
- Recreational surfacing (impact-absorbing flooring for playground, athletic tracks and equestrian surfaces)

As well as the raw materials that can be extracted including high-tensile steel and fibres for insulation.

The MTA Group believes that the existing voluntary stewardship regime for tyres in Australia has reached the limits of its effectiveness and is no longer fit for purpose.

To achieve genuine circularity, the MTA group strongly recommends a transition from the current voluntary framework to a mandated, co-regulated stewardship model that encompasses all participants across the tyre supply chain. Implementing a mandatory system is the only viable mechanism to eliminate the environmental threats of landfilling and illegal dumping. Furthermore, such a transition will provide the regulatory certainty needed to unlock significant economic value, driving job creation, reducing long-term infrastructure costs, and securing superior environmental outcomes for the nation.

The transition to a mandatory scheme achieves two crucial goals:

- Improves the economics for tyre recycling.
- Improves the environmental goals of the current scheme.

Mandating the stewardship scheme achieves a better economic outcome through simple economics of scale. Rather than a voluntary code that relies on the goodwill of the industry a mandatory scheme will reign in free riders who undercut costs against those willing to contribute, it will increase the number of tyres entering the system thereby increasing the need for greater competition in the collection and recycling market leading to cheaper collection and recycling costs for businesses.

Changing the dynamic of the current scheme from a voluntary to mandated scheme can only have a positive impact on the environment as it will require all participants to engage in recycling and reuse of tyres. The current system leaves scope for tyres to be stockpiled or left in landfill or buried in mines, all of these only create a net negative for the environment.

Small businesses can benefit from a mandated scheme by having better access to collection services, reducing waste in workshops which in turn reducing overheads for businesses.

Increased revenue to the scheme will allow the scheme to invest in projects and research and development increasing both the opportunities for new businesses especially in regional Australia.

From an environmental perspective mandating the scheme brings all players to the table reducing the numbers of tyres left in rivers and fields through illegal dumping, reduces the number of tyres in landfill or being stockpiled in warehouses or vacant industrial blocks where they create a toxic fire hazard.

Our submission outlines areas where the tyre industry can improve to create a more circular economic environment and deliver better outcomes for the industry.

Addressing the Limitations of Voluntary Stewardship and the "Free-Rider" Crisis

The MTA NSW Group asserts that the current voluntary product stewardship model has reached a point of diminishing returns.

The current voluntary scheme has created a distorted market or a free-rider effect. Those who pay into the scheme are effectively subsidising those who do not participate. Not only does this lead to undercutting prices from non-participants who are not financially engaged, it also reduces the competition for collection and disposal. These free riders create an uneven playing field where one part of the industry suffers no consequences while those who are working toward a better industry are hampered by cost overlays that should be equally shared.

The consequences of this uneven playing field are stark: according to TSA's *2023-24 Material Flow Analysis*, Australia generated approximately 537,000 tonnes of used tyres, yet 34% (184,000 tonnes) remained unrecovered—either landfilled, stockpiled, or illegally dumped. Furthermore, of the 66% that was "recovered," a staggering 40% (217,500 tonnes) was simply shredded and exported as Tyre Derived Fuel (TDF).

This is not circularity; it is the permanent loss of a resource. The MTA Group has been advocating for a mandatory, co-regulated national scheme—mirroring the *Tyrewise* model in New Zealand—to ensure every importer and retailer contributes fairly to a sustainable solution.

Creating a mandated scheme would require an expansion of those involved in the scheme including mining companies and local governments, however this will only provide both an economic and environmental benefit to the scheme by increasing the need for new businesses in areas such as heavy vehicle tyre recycling in regional Australia and reducing the environmental damage through stockpiling and burial.

By not including the entire supply chain into the stewardship scheme also robs the scheme of critical funding to expand its operation. Increased funding to the scheme will allow more diversity in project funding and more investment in research and development which would lead to broader uses of recycled tyre derived materials.

Revitalising the Retreading Sector Against "Single-Use" Imports

To create an effective circular economy is the restoration and preservation of retreading of tyres. This method uses less oil and less energy than the manufacturing of a new tyre.

According to Tyre Stewardship Australia retreading only accounts for 9 percent of recovered tyres in Australia or 46 000 tonnes. This is primarily caused by lowered standards for imported tyres into Australia. Decreasing standards of imports leads to an increase in the number of low quality, low-cost single use tyres being imported which do have the structural integrity to be reused or recycled.
Retreading in Australia is now confided to commercial and heavy vehicles, for light vehicles the use of retreads has been in decline for many years due to cheaper imports.

Given the bulk of Australia's vehicle fleet exists in the light vehicle segment and in metropolitan areas there is a real opportunity to bring retreading of tyres back into the mainstream. This could be done in a variety of ways, however the most effective and cost efficient is for state and territory government fleets to commence mandating retreading of vehicle tyres where applicable.

Additionally, raising the floor on import quality of tyres needs to be seriously considered by the Federal Government, this will not only raise the quality of tyres being imported but reduce the number of end-of-life tyres in circulation.

The Off the Road (OTR) Burial Crisis

TSA data reveals that over **100,000 tonnes** of Off-the-Road (OTR) tyres are buried on mining sites every year.

There are several factors involved in why this occurs:

- Location and logistics – many mine sites are in very remote regions in Australia and the logistics of moving large mining tyres from on-site to recycling or reuse sites is complex and expensive.
- Lack of large heavy vehicle recyclers – while tyre recycling is common for light vehicles the size and scale of recycling plants for large heavy vehicles is limited. The first large heavy vehicle tyre recycling plant in Rockingham in Western Australia is a good start however more sites are required to assist in bringing costs down.
- Mandated exemptions for mine sites – State governments provide exemptions to mining companies and sites which allows for the burial of end of use tyres. The MTA Group supports the TSA's advocacy to legislate to ban tyre burials on mining sites.

Provision for mining licenses rests with the states, however the creation of a Federal Environmental Protection Agency (EPA) could act as a mechanism to assist states and territories to work with miners to recycle their fleet's tyres rather than burying them.

The scale of mine OTRs is extensive. For example, in the Hunter Valley and Northern NSW alone, approximately 10,600 tonnes of EOL OTR tyres are generated each year, yet only a small percentage of these will be reused or recycled instead being buried on site. This is disturbing for the Hunter region given its relatively close proximity to metro hubs.

The MTA Group believe the federal government could utilise stewardship funds to subsidize regional transport and incentivize the establishment of regional "micro-hubs." If crumb rubber was mandated at a 15% loading in NSW road projects, it would provide a market for 85% of the state's used truck tyres. Bridging the regional infrastructure gap is the only way to turn this waste into a local resource.

Current barriers.

Economic cost to small businesses.

Independent and small franchises face additional costs for the removal of end-of-life tyres due to minimal competition, or location (regional and remote) with collection costs per tyre ranging from $10-$25.

Smaller franchises can rotate between 10 000 – 20 000 tyres per month in cities like Canberra adding costs to the business on top of other running costs. For many franchises recycling is part of the franchise agreement and a list of reputable transport options are provided by the franchisor, however for independent workshops there are no specific guidelines or assistance.

In regional and remote areas, the logistics of picking up and disposing of EOL tyres is a significant cost. Added to this is the requirement of local governments and state legislation on the number and tonnage of tyres that can be kept at one location. A failure to comply can lead to hefty fines for small business operators.

There is a genuine need to increase the capacity of tyre recycling to increase competition for collection and reduce the cost to small businesses.

Government procurement language.

Local governments in Australia control over 85% of roads across the continent, from suburban roads to country interconnecting roads the vast majority of our road network is under the control of local governments, this includes both laying of new bitumen roads and repairs to existing roads.

Current language in many local government procurement documents is not explicit on the use of recycled materials for the use on roads. This ambiguity hampers the use of recycled tyre materials in road repair or laying.

Moving toward a mandating the use of recycled tyre material would assist local governments to minimise costs for repair and provide better environmental outcomes through the use of recycled materials.

Mining hesitancy.

As has been noted over many years by the industry and by Tyre Stewardship Australia OTR tyres are one of the great untapped resources in the circularity of the lifecycle of tyres in Australia.

The hesitancy of the mining sector to participate in this conversation hampers efforts to expand the recycling industry for tyres in this country.

While some concerns have some validity others do not, and these concerns can be overcome by deeper conversations with mining companies to dispel their concerns. Additional funding for research and development for recycling centres closer to mine sites would be hugely beneficial.

Through mandating the current scheme more funding could be made available to design on-site or near-site recycling hubs reducing the costs for mining companies in transport and logistics and providing local communities with new business and employment opportunities.

Conclusion.

The Australian tyre industry is at a crossroads. By moving beyond a disposal-centric model and focusing on high-value resource recovery, we can create a sustainable industrial sector that supports local jobs, reduces infrastructure costs, and protects the Australian environment. The MTA Group is committed to working with the Federal Government to turn these end-of-life challenges into a circular economic success story.

Recommendations:

1. **Evolve the Stewardship Framework:** Build upon the success of the voluntary model by transitioning to a co-regulated system under the *Recycling and Waste Reduction Act 2020*, ensuring all industry participants contribute to the cost of recovery.
2. **Legislate to ban on-site burial of OTRs:** MTA NSW Group supports this process to ensure the integrity of recycling and to protect environmental outcomes.
3. **Address Procurement Ambiguity:** Standardise local government procurement language to explicitly require the use of recycled tyre material in road construction and repairs.

4. **Lower Costs for Small Business:** Fund the expansion of accredited tyre collection and recycling facilities to increase market competition and lower disposal costs for independent workshops.

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