

AUTO **RECYCLER**

News, Views and Information for Professional Auto Recyclers



Around the Traps –

ASV celebrate 25 years plus Hills Salvage, UK

CARS/IRT Report, Australian Auto Recycling Conference and Trade Show review Plus much, much more

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UpFront

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It's time to get involved

Yes it is time to get involved. If you do not want to spend the time and money heading overseas to attend the many trade shows and conferences available then October 18th to 20th in Sydney and 29th November to 1st December 2012 at the Gold Coast should be in your diaries for this year.

From 18th to 20th October Sydney is hosting the Australian Auto Recycling Conference & Trade Show for 2012 at Sydney Olympic Park, Homebush. The event is put together by APRAA and Pinnacle, the latter having presented two such events in the past two years at Shoal Bay but this one promises to be bigger and better than ever.

There will be exhibits to check out from major suppliers to the industry, lots of opportunities to network and some excellent speakers and topics very relevant to your industry to listen to. There will also be the APRAA Awards night to finish off the event in grand style on the Saturday evening. See page 10 for more details.

At the Gold Coast from 29th November through 1st December 2012 you have the opportunity to join your peers from across Asia at the 5th Asian Automotive Environmental Forum. Vehicle manufacturers, Government environmental representatives



and auto recyclers will all be there for the various activities which will include a welcome reception, yard tour, poolside dinner, conference sessions and a gala dinner. Judging from the reports on previous forums this should be a wonderful networking and

information gathering event.

If you do plan to head overseas however then where better to go in 2013 than to the 13th International Automobile Recycling Congress being held in Brussels, Belgium. Details are on page 21 but check out their website on www.icm.ch/iarc-2013 for registration forms and more information.

One regular visitor to these and many other events around the world is our publisher, Mike Third. You will find quite a few reports from him inside on his recent travels around the world - I am sure you will meet up with him at all of the above!

One thing I would like you to do and you don't have to travel to do it is to check out our new website at www.autorecycler.com.au where you will find past issues of this magazine, breaking news items, details on upcoming events and much more. Let us know what you think and if there is anything that you would like to see featured either in this magazine or on our website let us know.

I'll see you at one of the events above or I will talk to you in the next issue. **AR**

David Newton-Ross, Editor

AUTO RECYCLER
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Contents

6 *Around the Traps ... ASV Celebrate 25 Years*

John Soghomonian started his business in 1987 and the business is still going strong today with sons Avo, Sam, Vic and Aron now in the business.



8 *Local News, Views and Information*

9 *Duesmann & Hensel on the move*

Duesmann & Hensel are moving - but not too far away from their present location to provide an even better service to their customers.



10 *Australian Auto Recycling Conference & Trade Show*

APRAA have partnered with Pinnacle to present the event of the year-The Australian Auto Recycling Conference & Trade Show in Sydney. See what is on offer at what should be a must attend for anyone in recycling.



12 *CARS/IRT Events*

Mike Third reports on the Complete Auto Recycling and Secondary Metals Show plus the International Round Table meeting on Auto Recycling held recently in Liverpool, England. More than 700 delegates from around the world gathered to see and hear information on their industry from the best there is.



14 *Around the Traps ... Hills Salvage*

Mike Third took the opportunity to visit with and talk to Ian Hill and his team who hosted the CARS/IRT event. He came away very impressed with the facility and their total professionalism.

16 *ARAA Report*

David Nolan assesses the industry and provides his view on what he feels needs to be put in place in Australia.

18 *Global News, Views and Information*

30 *Cutting Corners*

Bill Bartlett talks about the conference season and why you should make the effort to be there.



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Around the Traps

TAKING TIME-OUT WITH INDUSTRY LEADERS

ASV's Milestone

Celebrating 25 years in the business ...
How John Soghomonian and his sons
became the biggest auto recyclers in Australia.



September, 2012 is the 25th anniversary of ASV in Australia. The company was founded in 1987 by John Soghomonian and his sons Avo and Sam. They were later joined by sons Vic and Aron. Like many auto recyclers of that era, they started from scratch.

Sam Soghomonian describes the key to their success as: "having an excellent level of understanding between us. We are aware of our different capabilities and strengths, and support one another to achieve our shared vision. Our team work and utmost respect for each other has motivated us to be the proud owners of six branches nationally and two new branches in Auckland, NZ."

The family story started with John's parents fleeing Armenia in 1915, at a time when the country was subject to occupation by Turkey, and settling in Syria in the city of Aleppo. John, who was born in 1938, did not have access to formal schooling but commenced working on farms where he trained as a diesel mechanic.

By his early 20's John had opened his own mechanical workshop and within a few years was employing 32 diesel mechanics working on tractors, buses and trucks. But John's ambition was to get into trading, so in 1971 he sold his workshop to his foreman. He went to London and started buying diesel engines and shipping them back to Syria. He then became more engaged in recycling, buying used tractors and trucks in the UK and shipping them home.

By the late 1970's life in Syria was becoming increasingly difficult with political issues arising in surrounding countries, so John felt it would be better to bring his wife and four sons to Australia and start afresh in a safe country. By now he had over 20 years' experience trading in second hand engines, tractors and trucks.

John immigrated to Australia in 1982, initially setting himself up in a service



station at Sydney's Lane Cove. His eldest son Avo went to TAFE and trained as a mechanic. The next eldest, Sam, was still at school but worked in the service stations and later went to Sydney TAFE where he studied customs importing and exporting.

John spent the next three years going back and forth to Syria while winding up his business there. During those years he and his sons were steadily researching the Australian market. Through the service stations they had been promoting servicing of European cars. They had a good idea of parts that were in demand. Whilst John's expertise was in the trucking business he felt that there was better opportunity for the family in European cars.

By September 1987 they were ready to start their own business. They decided to specialise in recycling European car parts. Avo and Sam started at Brookvale, Northern beaches of Sydney, on a block of land with an 800 m² hard stand and 150 m² of warehouse.

In 1998 John's third son Vic joined the company, followed by Aron in 1992, hence the family decided to branch out into buying and selling new parts. Consequently Sam went to Automechanika Germany, established contacts and started buying new parts such as radiators water pumps, gaskets,

filters and brake components.

This started a new chapter in the life of the company, as Euro Car Parts was established in 1994. The new parts business began growing rapidly from there on. Most of the German suppliers wanted to deal with a company that had branches nationally. That was the main driver for the business to move into the other states. The objective was to secure exclusive distribution on the new parts from the German OEM component manufacturers.

By year 2000 Euro Car Parts had become one of the top three new parts distributors operating on a national base with branches in each Mainland State. The recycling part of the business was based in Sydney and Perth only.

2005 was a turning point. One its main competitors sold out to an overseas company that became very aggressive in the market. Margins dropped to a level where the new parts business became a low margin business.

The ASV brothers decided to focus back on the recycling part of the business. Today recycling is 70 percent of the business and new parts is 30 percent. In year 2005 those numbers were reversed, with new parts being 70 percent of the business.

Sam Soghomonian continues the story:

AR: What is the formula to be profitable and successful in second-hand parts?

SS: The first criterion for success is that you must continually invest in the inventory. You cannot stop buying stock; you need to constantly follow the market because the salvage values fluctuate at the auctions, and as soon as you decide you've got enough stock and stop buying, the business will begin to deteriorate.

The second criterion it is to have experienced and motivated staff. We try to run the business as a big family, promoting staff engagement and involvement. We rely on our branch managers and staff to run the business, hence having a positive relationship with branch managers is very important. Our employees are the most important asset of the company.

The third criterion is maintaining and growing your customer base. Customer satisfaction is a major priority for us. The most important element of this is being honest with the customer, delivering the right product to them on time. Good service is at the heart of our business, backed up by quality of the parts.

The fourth criterion is technology. We use the latest industry specific technology, always striving to remain a leader in the field.

AR: What is your relationship with the insurance industry?

SS: We have worked hard at developing and maintaining a good relationship with insurance companies. Australian auto recyclers are very fortunate in that the insurance industry will allow crash repairers 70 percent of the new part price if they use a second-hand part. This is not the case in most other countries. It represents a very good opportunity for auto recyclers to increase the volume of second-hand parts used by crash repairers. It's a great incentive for the smash repairer as well as for the auto recycler. But the most important thing for the auto recycler is to properly grade the body parts so the smash repairer clearly understands what they will be receiving.

AR: Have you used external consultants or business advisors to give guidance to the business?

SS: Yes every five years we do a major evaluation and review of the company, followed by a detailed business plan for the following five years.

AR: Has the change in written-off vehicles in New South Wales had an effect on your



business?

SS: It certainly has. We have lost a substantial amount of retail business, and have had to discontinue dismantling some parts that in the past we would have dismantled.

Another aspect that is of great concern is the number of people who are coming from overseas and buying in the market place here because of the change in legislation in New South Wales. Prior to that change we had not seen overseas buyers operating in such large numbers. This is an issue that our industry must follow closely.

The backyard operators are hurting our business, particularly in Victoria. We are finding it impossible to compete with the backyard and online parts sales businesses who aren't complying with all

the regulations that we must meet.

We are also not happy at the fact that some of the big scrap dealers have started buying cars at the auctions. Now they are competing directly with us at the auctions for the cheaper cars.

AR: What is your view about the auto recycling industry - is it a good industry to be in now?

SS: The industry is going through tough times. We have had to change the focus in our business to become a scrap recycler as well as a parts sales business. We have been doing this over the past two years.

AR: What are the other challenges the industry faces?

SS: We are very conscious of the changing attitude within government about cars being recycled properly and being depolluted before they go to the shredder. At the moment 30 percent of all ELV's are going straight to scrap companies who are not properly depolluting them. Hopefully the government will bring in new regulation that will stop those vehicles going straight to the shredders where all the oils and fluids are going to land fill and the gases evacuated to atmosphere.

AR: In summary, over 25 years your business has grown from nothing to be the biggest auto recycler in Australia - what is the essence of this success?

SS: Apart from the vision and drive of our father who is 74 and still very active in the business, the most important element of our success has been having us four brothers working very closely together in unison. Looking to the future we strive to have an effective family business with a succession plan in place that enables ASV to continue being successful for generations to come. **AR**

Editor: Congratulations to ASV on their 25 year anniversary-many more to come I am sure!

Local News Roundup

AUTO RECYCLER INDUSTRY NEWS, VIEWS AND INFORMATION

The BIG SK235 SRD Kobelco arrives Downunder

Melbourne Auto Recycling company, Total Auto Recyclers, has taken delivery of the latest monster from Kobelco. The SK235SRD ELV multi-dismantling machine is the first of this model to be delivered outside of Japan. Weighing in at around 30ton and being the biggest in the range, this jumbo is 'state of the art' for end of life vehicle dismantling.

TAR's operations manager Rob Third

explains, "The SK235 is the splitting image of our smaller more nimble SK135 but has the might and power to disembowel not only the biggest of cars but also trucks and machinery. It features the same 'zero swing' capabilities of our existing SK135 which will allow them to work together within the confines of our building."

Rob utters with a grin, "Dad calls it his 'Transformer' because it looks like on of



those robotic toys called 'Transformers', only he says this one transforms old cars into money." **AR**

Imlachs closure

One of Australia's leading auto parts recycling companies Imlachs Auto Parts has decided to close the doors at its massive 5 acre indoor site in Clayton.

In a press release dated 22nd of August, Imlachs Auto Parts company Director Dale Imlach, stated, There were a number of contributing factors in the company's decision to relocate and consolidate much of its business from Clayton operation to its Center Rd Springvale operation."

Like many businesses Imlachs are see consolidation as the best strategy in



dealing with these volatile economic times.

Its also worth noting that like most legitimate recycling firms, Imlachs have been attempting to wage war on the unlicensed operators who have been allowed to trade unfairly and remain in business. Their unlawful activities have

continued to undermine legitimate businesses over many years causing many of us to reconsider our strategy to remain viable.

We all wish Imlachs well as they work through this disruption and move forward once more. **AR**

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Duesmann & Hensel Recycling is on the move

Australia's only catalytic converter processing facility, Duesmann and Hensel Recycling in Carrum Downs near Melbourne is moving premises. Recent technical advances made to the process that were development at head office in Germany have led to D&H Australia being one of the first subsidiaries to receive an advanced, more compact and efficient processing mill.

This in turn requires a move to a more suitable premises. The new location is situated 17 Industry Boulevard, Carrum Downs VIC 3201 just minutes from the former site. The move will take place from



the 1st of October and is planned in a way as to not disrupt normal business. Please note that our phone numbers and fax number will stay the same.

Duesmann & Hensel Recycling Australia is the Australian subsidiary of a global leader in the recycling of spent catalytic converters. D&H purchase catalytic converters using the biggest library in Australia of more than 1000 different makes and models of catalytic converters that they have analysed. This product knowledge enables them to pay the most competitive prices. Alternatively D&H can

process your converters at a very low cost and recover the precious metals for you. That way they enable you to maximize your returns from your converters. The special services tailored for the benefit of their more discerning clients include, secure warehousing and terms such as; prepayments, precious metal market trading, fixed pricing, and payment in a number of currencies. AR

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Special Report

THE AUSTRALIAN AUTO RECYCLING CONFERENCE AND TRADE SHOW



Recycling Conference & Trade Show 2012

The Australian Auto Recycling Conference & Trade Show is fast

approaching - Registrations close on September 28, 2012. If you have not registered yet, head to www.apraa.com or www.autorecyclingconference.com to register online or download your Registration Form. Also available on the APRAA website is all the program information and Awards Night Nomination Forms.

With speakers and delegates from right around the globe coming together for this exciting event, this Conference and Trade Show is definitely not to be missed. The Conference will be held at the Pullman, a unique 5 star hotel in the dynamic sports, entertainment, business and technology hub that is Sydney Olympic Park and the program has been constructed to allow you time to enjoy it.

The Conference has been priced to allow all delegates to attend at \$660 including GST (don't forget that Conference costs are tax deductible) - the same price of registration to attend APRAA conferences as far back as 2008.

Our aim is to send everyone home with enthusiasm to improve their businesses, having gained some good business information, had a good break, made new friends and renewed old acquaintances!

Benefits to attendees:

Relevant, interesting speakers;

Network with colleagues from around the world;

Exciting, central location in 5 star venue;

Tax deductible;

Topics targeted at helping you drive compliance in your own business;

Specific to the recycling industry.

All industry participants welcome!

APRAA Awards Gala Night - Nominate your business for a prestigious award!

On Saturday 20th October 2012 the APRAA - Pinnacle Conference & Trade Show will have a spectacular finale; the prestigious APRAA Awards Gala Night. This is a night to celebrate the success of the industry as a whole, whilst highlighting some particular achievements of individual businesses.

Every auto parts recycling business has the opportunity to nominate its business, so visit www.apraa.com to download the relevant nomination form and submit your nomination to the APRAA Conference Committee ASAP! Entry to the function is included in Delegate fees and extra tickets can be purchased on the Delegate Registration Form.

Frank Nicastrì - 2012 Memorial Award for Australia's Most Environmentally Aware Parts Recycler

Bob Scott - 2012 Memorial Award for Outstanding Industry Contribution Business Presentation Quality Awards (Small Category, Medium Category and Large Category). **AR**

Keynote Speaker Announced!

The 2012 Australian Auto Recycling Conference & Trade Show welcomes Rian Garner from Counts Consulting Group!

Garner comes to us with a wealth of experience in both full service and self-service auto recycling in North America. He started his career in the pricing and procurement department with LKQ, and his responsibilities included calculating bids, pricing parts, and coordinating auctions for the west American region. In addition to pricing and procurement, he also held the position of Regional Sales Manager. After obtaining his MBA from Kent State University, Garner was promoted to Plant Manager in training and within six months Plant Manager. He held the position of site manager with Greenleaf Auto Recyclers, and specialized in growing sales and increasing production efficiency. Garner was then promoted to the position of Regional Director with Pick N Pull, and was responsible for the operations of three self-service yards. His undergraduate degree in accounting gives him an insight in financial analysis, budgeting, forecasting, and evaluating P&L's for profitability. Garner's great passion for the recycling business, his education and abilities have allowed him the opportunity to grow within this industry and his most recent move to Jim Counts' consultancy company allows him to share his knowledge and insight with us all.

Other informative speakers have also been secured for this exciting Conference! Each session will give you practical tools to take home and implement in your business to help you to drive compliance! *These include:*

Ray Carroll: Executive Director, National Motor Vehicle Theft Reduction Council

John Simpson: Head of Claims & Assessing, Wesfarmers Insurance

Richard Pratt: Chief Executive Officer, I-CAR Australia

Anthony Hamilton JP: Senior Internet Marketing Consultant, ReachLocal. **AR**

Editor: This is the event of the year for recyclers - we will see you there!



NETWORKING 2011



The Australian Auto Recycling Conference and Trade Show – Sydney 2012

Hosted by APRAA and Pinnacle the Australian Auto Recycling Conference and Trade Show will be held from 18th-20th of October 2012 at Sydney Olympic Park in the geographical heart of Sydney, NSW. Auto Parts Recycling businesses from around Australia and overseas will be coming together for the event.

The Conference & Trade Show will be a relevant forum for auto parts recyclers from all around Australia. The focus of the Conference will be DRIVING COMPLIANCE. It will provide the perfect opportunity to be informed of updates to laws and legislations, which affect your business. It will endeavour to provide an insight into how to best deal with these changes.

There will be a host of other interesting topics covered throughout the event, giving you an opportunity to learn practical and inspirational ideas on how to move your business ahead in the parts recycling industry.

During the Conference, there will be plenty of activities when you can mingle and network with peers, sponsors and vendors to the industry. You'll attend the trade show and see first hand the latest on offer.

There is the prestigious APRAA Gala Awards Dinner Night and you'll have time to attend the Australian International Motor Show!

Lock the dates in your diary now so that you don't miss out!

FOR MORE INFORMATION ON DELEGATE TICKETS, SPONSORING & EXHIBITORS

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The Australian Auto Recycling Conference and Trade Show

18-20 OCTOBER 2012 – SYDNEY NSW

Special Report

CARS SHOW AND INTERNATIONAL ROUND TABLE MEETING

CARS / IRT - One of the Greatest Shows on Earth

More than 700 delegates from all over the world arrived in Liverpool for the combined CARS (Complete Auto Recycling and Secondary Metals Show) and IRT (International Round Table meeting on Auto Recycling). Delegates from Japan, Malaysia, Australia, India, Brazil, United States, Canada, all over Europe and the UK enjoyed local Lancashire hospitality which wasn't dampened by the rain.

Visitors were treated to a tour of the JCB World Headquarters. JCB began with one product in 1945 and is now one of the world's top three manufacturers of construction equipment. It is a multi-billion dollar business now producing over 300 different models with factories all over the world. They employ more than 10,000 people, yet they are still family owned and operated. JCB served as the main sponsor of the CARS Show.

Hills Salvage and Recycling Ltd turned their facility inside out to provide the site to host the Cars/IRT event. Ian Hill and all his staff must be praised for their remarkable effort in preparing the site and cleaning up after the event. Every visitor commented on the quality of the Hills operation, possibly the finest in the UK.

The Cars Exhibition was probably the best show of auto recycling related equipment and services I have seen outside of North America, with the products of around 50 of the biggest names in the business on display. Attendees had the chance to explore the indoor exhibition area, and the main outside demonstration area, where vehicles could be seen going through the full recycling process from de-polluting to shredding. The site was a hive of noise and activity throughout the two days.

There were training seminars that gave those in attendance a chance to hear some of the most knowledgeable people



in the industry speak on issues from electric and hybrid vehicle dismantling to green parts and more.

This is how just one of delegates felt after event.

Dear Andy and the CARS Team

I just wanted to congratulate you on the success of the CARS event. It was fantastic to see the industry being pulled together from all dimensions.

The event gave us a good opportunity to explore and compare new equipment while proving a great networking opportunity. The seminars I managed to attend were also invaluable, hearing from such

knowledgeable figures in the industry, which really made me step back and evaluate the way in which we operate our business.

We left the show with a complete buzz not only from what we had learnt, but of what we wanted to achieve.

Thank you so much and congratulations once again. The hard work really paid off!

IRT Talks

The International Roundtable meeting was convened over two sessions. The first received reports from industry association representatives from countries such as Australia, Canada, Europe, India, Japan, Malaysia and the U.S.A. One of the most enlightening presentations came from Captain Mohan Ram, representing India. He spoke about his country's intention to develop a full end-of-life vehicle strategy to deal with the evolving ELV problem on the Indian subcontinent, and gave an insight into the mammoth job that confronts the authorities there, explaining that India has many vehicle manufacturers, but apart from one experimental site there were no enterprises set up deal vehicles that reached their end of life.

Mohan Ram cleverly remarked, "No country can be full of doctors and midwives without having a thriving undertaker. That is what India needs to develop: good undertakers for cars,"

Delegates also heard from Minoru Gouku, head of the Japanese contingent who presented a short video that showed the effects of the 2011 Great Eastern Japan Earthquake and tsunami on the auto recycling industry. It highlighted the combined efforts made of so many of our Japanese recyclers and individuals to clean up the affected areas.

Anja Tomazic from GM Europe spoke about IDIS, the International Dismantling Information System as well as Electric Vehicle and Hybrid Vehicle dismantling procedures.

IRT chairman Steve Fletcher resented a report on the Canadian Automotive Recyclers' Environmental Code.

Gwee Bok Wee, president of the Malaysian MAARA, reported on the successful progress of government consultation towards industry regulation and we heard from David Nolan about the appalling lack of such progress in Australia.

Paul Fox, the Chairman of EGARA gave the keynote address, 'ELV Recycling Now and in 2020'. Paul was able to pull all of the global trends together in a thought provoking discussion, which culminated with the view; that countries that have the most successful ELV programs are those that have adopted funded systems to ensure that the majority of ELVs end up being accounted for. Countries that do not have funded incentives are faced with their schemes being rendered ineffective due to massive 'leakage' of ELVs from their systems.

Typical of the IRT's is the informal round



Table discussion about issues facing auto recyclers from across the world. This is where so much commonality is realized. The 2012 IRT was no exception with lively open discussion on the trends that all recyclers are seeing, such as increased total losses, the global emergence of the Green Recycled Parts brand and topping the list of issues was - poor legislation and lack of law enforcement allowing informal dismantling activities to undermine the legitimate industry everywhere.

The U.S. association ARA will host the next IRT set for November 2013 and will take place in Phoenix, Arizona, to coincide with the ARA Annual Convention.

On the Social Side

Anfield, the home of Liverpool Football (Soccer) Club was the venue for the Gala dinner night, which started with a tour of the sacred footy stadium and haloed turf, followed by a dinner of local cuisine. And as the city of Liverpool is just one big Beatles tribute what else could you expect than dancing to Beatles music performed by an excellent tribute band. What a great night! **AR**

Mike Third's final comment: My only regret I have of this whole CARS/IRT event is that it wasn't long enough for me to see everyone and everything.

Mike Third reports



Around the Traps

TAKING TIME-OUT WITH INDUSTRY LEADERS

Hills Salvage and Recycling - on top of their Game

Host site for the first ever CARS / IRT event was Hills Salvage & Recycling Ltd in Skelmersdale Lancashire, just half an hour or so north east of Liverpool.

Visitors to the conference were granted a fantastic insight into why Hills is amongst the very best examples of an auto recycling facility to be found anywhere in the UK and perhaps even in the whole of Europe.

As far as I could see the whole 11acre site appeared to be paved in concrete with a stock of over 4,000 late model cars stacked 4 high on impressive storage racks that looked like Christmas trees. Plus there is over 800 motor cycles for the bike breaking division.

The professionalism of the proprietor Ian Hill and his team was evident by the way in which they managed to prepare the site for the show. Given the extent of the disruption and the way in which things had to be moved around to make room, it would be fair to liken the ordeal to anyone's comprehension of a full relocation of business. It was a massive effort ... just to have a few friends over for a weekend!

On arrival my good friend Terry Charlton of Charlton Recycled Auto Parts, near Cambridge, introduced me to Ian. I was somewhat surprised to see that such a renowned organization was owned by this youthful looking guy. Youthful relative to Terry and me that is!

My first reaction was to assume that Ian's unsullied appearance was simply the result of being the second-generation owner of an already successful family business.

However it soon became apparent that although Ian's father Jeff started the business from a small bodyshop in the 70's, the development of this high tech sophisticated organization could only be attributed to someone that was young and 'switch on' with an ability to implement modern practices. Ian brings all those qualities to his role on top of his 26 years of experience in the family firm.



IAN HILL (LEFT) WITH HIS DAUGHTER TRUDY AND THE CARS FOUNDERS, NIGEL DOVE AND, ATF EDITOR CHRIS FLOATE (RIGHT) PHOTO FROM ATF PROFESSIONAL.



When asked about the reasons for his success Ian just replies, "Not sure, I just think it's in my bones!"

Ian's wife Lucy works beside him in the business and father Jeff still has an active role.

Hills Salvage & Recycling has come a long way since the days of selling parts

from the write-offs acquired from their body shop. Parts sales eventually became more profitable than fixing cars and grew into a business managing insurance contracts and auctions.

When asked to elaborate, Ian remarks, "Computer inventory systems and the ongoing development of that technology has been the biggest contributor to change within the industry. Not only benefiting recyclers but also the insurance companies who are now able to exercise enormous influence over their salvage and the supply of second hand parts for use in the repair of vehicles. Business is all about volume achieved by your ability to use technology to buy your stock, manage it, attract enquiries, create sales and provide the right service time after time. We run a great logistics business here now which means we can serve the whole of the UK."

I had a play at one of their computer terminals running DH Systems Frontier inventory system and was impressed with the way Hills ran their two internet stores.

Another thing I loved was the way you have access to vehicle data in the UK.



You can just punch in a rego number and it will tell you every detail about that car.

AR: Apart from technology what else made his business sustainable in the long term?

IH: It's a family company and we always put what we make back into the business. Part of our dedicated 104 strong work force is my great management team who help me pull it all together.

AR: What are you most proud of?

IH: The way in which our firm has grown over the last seven years and the recognition we are receiving for all our efforts.

AR: What industry issues concern you the most?

IH: The main thing is that there are too many ELVs leaving the country. There are no good regulations in place to limit leakage of vehicles from the system.

The other thing is that insurance companies have such short vision. They are only concerned about saving the 'Quick Buck' today without having any regard for the sustainability of the industry they depend on.

AR: You look like the sort of operation that could deal with compliance issues, have the EU ELV regulations helped or hindered your business?

IH: Yeah we just got on with it.

AR: What do you think about the cartakeback schemes?

IH: The Cartakeback schemes were not thought through. It can't be said that they created jobs as there is almost no new vehicle manufacturing in the UK now and, the working class who have no money to buy new cars have nothing to trade up to as the middle class have traded in their used cars for new. Hence the real old clunkers remain on the roads, as the workers have nothing to replace them.



AR: What advice can you offer to other recyclers?

IH: Keep working hard, and keep focused, maintain your direction even when things aren't going the way they should.

AR: What do you have planned for

the future?

IH: We currently have a second four acre site and we plan to open more to help us better serve the market across the country. Watch this space! **AR**

Reporter Mike Third'





View Point

DAVID NOLAN EXECUTIVE DIRECTOR AUTO RECYCLERS ASSOCIATION OF AUSTRALIA

Assessment of the State of the Industry

The auto recycling industry in Australia has been evolving over the past 40 years – the 1970's

were the establishment years; the 1980's were the growth years; the 1990's were the profitable years; but the 2000's have been the tough years.

Businesses have had to contend with the introduction of the GST, increasing competition from new parts – both OEM and after-market imports, the GFC, the impact for NSW recyclers of changed Written-off Vehicle laws, and more recently a significant increase in the number of exporters and "illegitimate" operators.

This article explores some of the challenges facing auto recyclers today.

A Period of Dramatic Change

The auto recycling industry in Australia is going through a period of dramatic change. Factors influencing that change include:

- Lack of effective industry regulation - The Australian auto recycling industry is largely unregulated. There is no national regulation that has any impact on the operation of the industry. Whilst each State has some form of regulation there is little or no enforcement of regulations that do exist.
- Increasing impact of "illegitimate" operators in the ELV sector – as a consequence of the lack of effective regulation, there has been a dramatic rise in the number of "illegitimate" businesses operating in the auto recycling industry. These businesses operate outside the law – they do not comply with Taxation, Occupational Health and Safety, Environmental, or local government laws. Their operating costs are much lower than those of "legitimate" businesses, and they compete for stock on an unequal basis. Their operation is having a significant impact on the "legitimate" businesses.
- Internationalisation of the vehicle salvage industry – major structural changes are

occurring in the vehicle salvage industry with increasingly larger volumes of salvage vehicles being exported (either whole or broken up).

- Changes in Written-off Vehicle Laws – New South Wales has "gone it alone" in requiring that all Written-off Vehicles are "statutory write-offs" – the vehicle can never be reregistered. This change has had a generally negative effect on the auto recycling industry in New South Wales. Other States have not gone as far as NSW, but they are introducing new laws relating to "economic write-offs" – vehicles that can be repaired but must pass stringent tests to be reregistered. The effect of these new laws will be to increase the number of statutory write-offs by about 30 percent. This is likely to have a negative impact on the auto-recycling industry nationally.
- Increasing focus on "scrap metal" – in years past an auto recycling business was first and foremost a second-hand parts business. Very little attention was paid to the value of vehicle scrap. Nowadays however used parts sales are not keeping up with growth in other sectors as consumers have become conditioned to disposal rather than repair and reuse second-hand goods. Changing technology of vehicles is making it more difficult to repair or reuse second-hand parts. Vehicles are engineered to be more reliable requiring fewer replacement parts throughout an increasingly shorter lifetime requirement. Advances in business management systems and increasing "internationalisation" of the scrap metal industry are now leading to a situation where businesses are much more dependent on the assured income from scrap and scrap metal management is an increasingly important aspect of the business;
- Changing needs and expectations of our major consumers – body repairers

and mechanical repairers have the option of using new OEM parts, new after-market parts or second-hand parts. They will often choose new parts because:

- ▲ Sourcing the part is easier;
- ▲ The customer wears the cost anyway and is generally prepared to pay.
- ▲ The purchasing process is easier (there is less risk of a wrong part being delivered or of the part's condition not being as described to them)
- ▲ The warranty is often better – in the event of a failure the repairer in many cases is covered for their installation time as well as replacement of the part.
- ▲ Profit margins aren't always attractive as they once were.

At present less than 5 percent of parts used in crash repairs are recycled parts. If auto recyclers are to sell more parts to these businesses, they must change their business practices to meet the needs of this market. The industry needs to make recycled parts the parts of choice, make them more accessible at an attractive price.

- The power of the internet – the internet has already dramatically changed the way the second-hand parts industry operates, and this process of change will continue. Whether for parts sourcing or ELV disposal, consumers are increasingly using the internet to find a supplier.
- Generational change – first generation businesses owners are reaching retirement age. They may or not have family members who wish to take over the business. If not, they have to find a buyer and that can be tough;
- Businesses are becoming increasingly hard to sell – often persons wanting to "get into auto recycling" will only be offering bargain basement prices for an existing business because there are few barriers to them starting from scratch in a new location;
- Increasing value of land – the rising value of land on which first generation

businesses operate means it is often better for the owner to shut the business rather than sell it as a going concern (the land being worth significantly more than the value business).

What needs to be done?

In some cases a response to the above challenges is within the control of business management – in other cases it is not.

Some issues, such as changing land values, family succession, scrap metal prices and the marketability of auto recycling businesses are not factors readily able to be controlled by any business owner.

But, for parts sales businesses in particular, responses to some of the above issues are within the control of management. These include:

- Adoption of a modern electronic inventory management system will be central to the future survival of any second-hand parts sales business – both trade customers and the general public will require higher standards of customer service that will only be able to be delivered by businesses operating an electronic inventory system. Auto recycling operations will struggle to remain viable without the use of electronic management systems.
- Addressing customer relationships – taking all possible steps to make the “product” as accessible as possible to a potential customer, looking after the customer and ensuring that a mechanical repairer or crash repairer can make a better margin using a second-hand part than they can from a new part.
- Embracing the internet – Giving consumers the ability to find parts easily, having your business visible on the internet, promoting the features that

differentiate you from others and using resources such as eBay are all factors that will affect the competitiveness of a parts sales business.

The Biggest Challenge

Lack of effective regulation is the biggest impediment to “cleaning up” the auto recycling industry in Australia.

End-of-Life motor vehicles present a significant and environmentally damaging waste stream that is costly to manage responsibly.

This is recognised by governments in most of the developed world, and those governments have acted. In all European Union countries, in Japan, Korea and China the national governments have enacted regulations aimed at minimising the detrimental environmental impact of ELVs.

Government action in Australia has been largely invisible. Only the National Motor Theft Reduction Council, a joint Government and Industry Council, has shown clear leadership in addressing the deficiencies in the ELV management system in Australia.

Despite overwhelming evidence of their negative environmental impact, the Federal Government has not even listed ELVs as a priority waste stream. Most of the authority for implementing and enforcing environmental regulations in Australia rests with State Governments, but they don't have the resources to address the problem.

Effective regulation is difficult to achieve because there are many parties who are part of, or whose actions impact on, the End-of-Life vehicle processing “industry”.

These parties include:

- Vehicle owners (consumers)
- Vehicle manufacturers
- Insurers
- Auction houses
- Auto recyclers

- Shredders
- Landfill operators
- Scrap metal dealers
- Exporters of whole vehicles and vehicle parts

Product Stewardship – A Platform for Change

One avenue for potentially “shifting the ground” lies in the Product Stewardship Act passed by the Federal Parliament in May, 2011.

The Auto Recyclers Association of Australia has been engaged in consultations with all Australian manufacturers, and with the Federal Department of Environment, to explore means by which a Voluntary Product Stewardship Scheme covering ELVs might be introduced under the umbrella of the above legislation.

In Canada the vehicle manufacturers, auto recyclers and government are working together in a constructive partnership to put in place a code of practice that will significantly improve the environmental management of ELVs.

The best prospect for change in Australia will come from Governments, Vehicle Manufacturers and Auto Recyclers working together in a co-operative way. We must collectively find a solution that provides benefits to each party and at the same time does not impose new costs or administrative burdens. Voluntary Product Stewardship offers the best opportunity for development of such a scheme in Australia.

Working together will be the theme for a major international conference, the 5th Asian Automotive Environmental Forum, to be held on the Gold Coast, Australia from 29 November to 1 December, 2012. Details can be found at the Forum website www.autoenvironment.asia 

David Nolan – Executive Director
Auto Recyclers Association of Australia

New Statutory Write-off Criteria

In July, 2011 the National Motor Vehicle Theft Reduction Council published revised “Damage Assessment Criteria for the Classification of Statutory Write-Offs”.

During the past year these revised Criteria have been considered by each of the State and Territory Governments. All governments (other than NSW) have agreed to amend their WOV Regulations to include these new Criteria. They are not relevant in NSW because NSW does not allow Economic Write-Offs.

It is expected that over the next few months these new Criteria will become law across Australia.

Under the previously existing damage assessment criteria about 30 percent of WOVs have been Statutory Write-Offs, and 70 percent have been Economic Write-Offs.


Under these new damage assessment criteria it is likely that in future 50 percent of WOVs will be Statutory Write-Offs, and 50 percent will be Economic Write-Offs.

This represents a 30 percent increase in the number of number of WOVs that are

classified as Statutory Write-Offs.

Possible effects of this change on the auto recycling industry include:

- An increase in the volume of salvage that will be available through auctions;
- A reduction in the cost of salvage;
- A reduction in the demand for second hand parts as the volume of repairable vehicles will reduce by 30 percent.

A copy of the revised “NMVTRC Damage Assessment Criteria” can be downloaded from the ARAA website at www.autorecycle.com.au 

India - Future Ready on ELVs



New Delhi India was the host city for India's first international

conference on the topic of ELVs. "The Environmentally Friendly & Viable ELV Infrastructure Seminar" was held on 20th July at the Hotel Le Meridien New Delhi.

Indian car makers through their association, The Society of Indian Automobile Manufacturers (SIAM), are taking a proactive approach to ELV management and facilitated the event.

SIAM is the apex industry body representing 44 leading vehicle and vehicular engine manufacturers in India. It is an important channel of communication for the Automobile Industry with the Government, National and International organisations. The Society works closely with all the concerned stakeholders and actively participates in formulation of rules, regulations and policies related to the Automobile Industry.

The conference was well attended by a broad cross section of stakeholders with interests in ELV management including a number of eminent government officials, and representatives from the automobile manufacturing sector which included most of the local brands as well as large contingents from Europe and Japan.

Many distinguished speakers gave very interesting presentations relating to the subject and provide valuable insights that the Indian industry could take onboard while they developed a strategy to address what could potentially be the biggest ELV problem to occur anywhere.

I was asked to make the trip to New Delhi and deliver a report on Australia's progress on ELV management. This was an easy assignment as there is no progress to report on. In fact I began my slide show presentation with a blank slide. At first the delegates found it amusing until I showed other slides of Australian car dismantling sites that could have easily been mistaken for their counterparts in India or indeed any other developing country.

Those in the audience were of the belief that Australia was a developed country, a modern environmentally responsible

society. They were amazed to learn that this was indeed far from being the case when it comes to responsible ELV management.

Many thought Australia was at the forefront of environmentally sustainable best practice being amongst the first countries to introduce Carbon Tax etc. Delegates were somewhat bemused to learn otherwise.

I think that when you are invited to make presentations at these sorts of events you are expected to deliver academic information that generally adds to the state of knowledge on the subject. As Australia is unable to contribute to the knowledge pool on this matter it risks being relegated to observer status only at future forums.

I think however my report on Australia provided some value in that it clearly demonstrated what happens if a country chooses to do nothing to manage the treatment of end of life motor vehicles.

Most other speakers were able to provide more inspiring information to assist India on its mission.

India has a mammoth job ahead where it has to convert literally tens of thousands of informal enterprises, dismantling motorcycles, cars and trucks, into an organized sustainable industry.

However there are astute people associated with this ELV agenda that have the understanding of what it will take to pull it off. Experts like Captain Moham Ran of SIAM who has been focused on this issue for more than ten years.

At the core of their beliefs is the realization that simply passing laws alone stands no chance of bringing about widespread conformity. Those dismantling cars must be given sufficient incentive to change or it won't happen. Funny thing about human nature ... it's the same everywhere.

My first visit to the Indian subcontinent was a rewarding and interesting experience. While I didn't have to walk far to witness conditions of extreme poverty and squalor, it's a land of tremendous



contrasts. The Le Meridien Hotel where the event was held was possibly the best example of a five star hotel that you could find anywhere. I would go as far to say that Indian people are the world's best at providing service. They pay extraordinary attention to every detail. This leaves me feeling confident that India will do what needs to be done in order to have an effective and sustainable End of Life Vehicle Industry. **AR**

Mike Third - Auto Recycler Magazine

5th ASIAN AUTOMOTIVE ENVIRONMENTAL FORUM

The most significant annual gathering of Vehicle Manufacturers, Government Environmental representatives and Auto Recyclers from across Asia.



29th November - 1 December, 2012

HOTEL GRAND CHANCELLOR, SURFERS PARADISE, AUSTRALIA

On the Gold Coast in Australia

Delegations from Korea, Japan, China, Malaysia, India, Australia and New Zealand.

Conference theme:

“WORKING TOGETHER – CO-OPERATIVE STRATEGIES FOR ACHIEVING EFFECTIVE ENVIRONMENTAL MANAGEMENT OF END-OF-LIFE VEHICLES”



Sessions will include:

- Strategies to strengthen cooperation between Governments, Vehicle Manufacturers and Auto Recyclers
- Industry led initiatives to improve the environmental outcomes from ELV processing
- Future strategies to achieve 95% recycling of End-of-Life vehicles
- Developments in the treatment of Automotive Shredder Residue (ASR)
- Environmental Compliance Standards for Auto Recyclers

Program:

Thursday 29 November –

4.00pm Registration;

7.00-9.00pm Conference Opening and Welcome Reception.

Friday 30 November –

8.30am-4.30pm Yard Tour to Auto Recycling facilities;

7.00pm-9.30pm Poolside Dinner

Saturday 1 December –

8.30-5.00pm Conference Sessions

7.00pm-10.00pm Gala Dinner

Registration Fee:

A\$240 per delegate

Accommodation cost:

Single Room and breakfast (3 Nights)

A\$360 per person

Shared Room and breakfast (3 Nights)

A\$210 per person



REGISTER NOW: www.autoenvironment.asia

AUTO RECYCLERS ASSOCIATION OF AUSTRALIA

Auto Recyclers Association of Australia Limited (ACN 143 487 870) ● Email: admin@autorecycle.com.au
PO Box 4117, McKinnon, Vic 3204 ● Ph +61 418 829 110 ● Web: www.autorecycle.com.au

Recycling percentage for end-of-life cars reaches 96.2 percent in 2011

In 2011, 96.2 percent of the weight of end-of-life cars in the Netherlands was recycled, as shown in the sustainability report that ARN presented. The recycling percentage has two components: 83.1 percent was used as a product or material and 13.1 percent was incinerated to generate power. In 2010, the recycling percentage was still 95.3 percent. In 2011, 249,607 cars were deregistered for scrap, of which 206,150 vehicles were processed by ARN's contract partners. This made ARN's market share 82.6 percent in 2011.

However, this recycling percentage of 96.2 percent does not yet satisfy the legal requirement set for 2015. This states that at least 85 percent should be reused as a product or material, rising to 95 percent through incineration for power generation. It is the last few percentages for the reuse

of materials that are the most complex and expensive to achieve.

Incinerating shredder waste to generate power counts towards the recycling percentage. Since 2010, this has been possible in waste incinerators with a so-called R(ecycling) 1 status. The government can grant this status to incineration plants on the basis of European directives. The recycling percentage rose because many plants were granted this status in 2010.

ARN's PST (Post Shredder Technology) facility in Tiel is making a major contribution to achieving the target because it reprocesses shredder waste into reusable materials. In recent months, the amount of shredder waste processed in the PST facility has been rising steadily. The material comes from two shredder groups. Last year, the complex process line with 170 machines connected in series and parallel was comprehensively



tested and adjusted. In view of the fact that shredder waste is very heterogeneous, all possible batches were tested. The material produced must satisfy strict requirements for high-quality processing.

"Various players in the recycling market come to us for partial recycling," says Arie de Jong, managing director of ARN. "There's also a lot of interest in the sector for visiting the plant." In 2011, the PST plant was granted a LIFE+ subsidy of about 1 million euros. This means that the facility will serve as a demonstration project for the rest of Europe as regards the implementation of European nature and environmental policy. **AR**

From ARN (Auto Recycling Netherlands)



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The 13th International Automobile Recycling Congress



The 13th International Automobile Recycling Congress IARC

2013 will be held in the hotel Dolce in La Hulpe Brussels, Belgium which is located in the heart of the ancient Sonain forest only 15km away from Brussels centre and Brussels International Airport Zaventem and 40km away from

Charleroi Airport. The dates are March 13th to 15th, 2013. The congress is a platform to exchange the latest information, to meet your business partners and to get easy access to new potential clients.

You can learn from the speakers and exhibitors of the congress and an exhibition and poster presentation area is integrated into the congress facility, where vendors meet their clients. A cocktail reception and networking dinner will be held on Wednesday March 13th and this creates an excellent

atmosphere to get in touch with your business partners, friends and competitors.

You will also have the chance to attend several plant tours to leading automobile recycling and production plants in the vicinity of Brussels which takes place on Friday 15th March. The plant tours planned include a choice of visits to ARN, Audi car manufacturing and Umicore. For more information or to download a registration form go the website at: www.icm.ch/iarc-2013.

North America - Automotive Recyclers Announce International Certification Initiative



Three automotive recycler organizations, the Automotive

Recyclers Association (ARA), Automotive Recyclers of Canada (ARC) and United Recycler's Group (URG), announced that they will centralize their respective accreditation programs into one united accreditation and certification standard for professional automotive recyclers.

"This will serve to bring increased industry unification and recognition to

professional automotive recyclers who operate at the highest level of the industry," says Michael E. Wilson, ARA CEO. "We look to this as a preeminent accreditation program that would be a model for other international automotive recycling organizations, as well as to governments of countries across the globe."

The existing ARA CAR and Gold Seal programs are now joined by the URG 8000 (of the United Recycler's Group) and ARC Canadian Auto Recyclers' Environmental Code (CAREC) programs to advance the standards of excellence in practices and standards. These programs have all served to identify the top tier of

certified professional automotive recyclers.

In 2011, representatives from ARA, ARC, and URG convened a working group with the goal of attaining a preeminent accreditation program that would be a model to countries around the world. The working group recommended a draft outline in September 2011 that was approved by the ARA, ARC, and URG leadership.

The collaborators identified common standards among the programs, and also incorporated recycled part quality assurance standards and employee training programs.

CollisionWeek Report

Solera Holdings, Inc. Acquires Actual Systems



Acquisition Will Enhance Solera's Yard Management System

Capabilities and Provide a Yard Management Footprint in New Countries.

Solera Holdings, Inc. (NYSE: SLH), the leading global provider of software and services to the automobile insurance claims processing industry, announced that, through a series of transactions, it has acquired Actual Systems, a global provider of premier parts recycling yard management systems that are sold under the "Pinnacle" brand name ("Actual Systems"). The Pinnacle software applications are used by sophisticated parts recycling yard operators to manage their daily operations and seamlessly trade recycled parts. Actual



Systems has successfully expanded beyond North America and penetrated Australia, the United Kingdom, the Netherlands, Ireland and Spain.

"Acquiring Actual Systems forms another leg of the strategic parts platform we are developing in North America," said Tony Aquila, Solera's founder, Chairman and Chief Executive Officer. "Further, the acquisition provides us with additional opportunities to create value for our clients and increase revenue per transaction for Solera operating entities outside of North America, especially as more countries embrace green parts recycling alternatives and engage in

cross-border parts trading."

About Solera: Solera is the leading global provider of software and services to the automobile insurance claims processing industry. Solera is active in over 60 countries across six continents. The Solera companies include Audatex in the United States, Canada, and in more than 45 additional countries, Informex in Belgium and Greece, Sidexa in France, ABZ and Market Scan in the Netherlands, HPI in the United Kingdom, Hollander serving the North American recycling market, AUTOonline providing salvage disposition in a number of European and Latin American countries, IMS providing medical review services, and Explore providing data and analytics to United States property and casualty insurers. For more information, please refer to the company's website at www.solerainc.com.

UK urged to pull plug on sub-standard ELV sites



In the wake of a series of prosecutions of Authorised Treatment Facilities (ATF)

operators, the Chairman of the UK Motor Vehicle Dismantlers Association (MVDA), Dr Chas Ambrose, is urging the British government to make a more determined effort to root out non-compliant end-of-life sites.

Since late 2011, seven scrap vehicle firms were charged with failing to meet the ELV standards, resulting in fines of between US\$ 1357 and US\$ 6795 (Euro 1090-5462). They either did not achieve the minimum 85 percent reuse, recycle and recovery rate stipulated in the 2006 End-of-Life Directive, or failed to report their annual performance to the government.

The UK Department for Business, Innovation and Skills (BIS) has issued several guidance notes to the ATFs and sent warning letters to non-compliant facilities as it attempts to clamp down, but so far to no avail. It notes that requests for facilities to submit the required

performance data have met with 'widespread and repeated failure'.

Dr Ambrose believes it is time for tougher action, but warned that with potentially more than 1000 non-compliant sites to deal with; this problem would not be resolved overnight. 'This is a massive issue across the industry. The few prosecutions that have taken place are just the tip of the iceberg,' he told letsrecycle.com. He added that while that end-of-life legislation had already been in place for six years, it took until last year to start getting the courts involved.

He estimates there are about 1700 ATFs in the UK, of which at most 400 are currently sharing their information with the government. Dr Ambrose notes: 'The UK has failed to meet its ELV recycling target every year since it was imposed, and the 300 or 400 that have met the target have borne all of the costs, while the others have ignored it.'

The MVDA Chairman is confident that stiffer penalties will motivate sub-standard



operators. 'The fines are only around US\$ 7500 – it is outrageous. Prosecutions should have happened a long time ago. BIS should have been considering legal action since 2007 but instead has dragged its heels,' he said.

A BIS spokesman has responded: 'The Department for Business works closely with the automotive industry to reduce the impact of waste materials on the environment. In some instances businesses continually disregard their obligations, and as a result the government will take legal action to hold these businesses to account.' **AR**

For more information, visit:
www.mvda.org.uk or www.bis.gov.uk

From Recycling International magazine

New service & sales partner in the UK

SEDA-Umwelttechnik GmbH, Pioneer of ELV de-pollution technology and JMC Recycling Systems Ltd., UK's largest manufacturer of metal recycling equipment are proud to announce a co-operation for the UK dismantling market.

JMC will offer SEDA services and products for the UK market including Ireland. With JMC we have found a professional partner which has the same feeling like SEDA for quality and customer satisfaction. Andreas Rieser, SEDA CMO: "Despite past problems we have had with our importer in England, competitors and copied products, the British customers are very important for SEDA. With JMC we found a long-term and experienced partner for UK and Ireland. Together we want to show why we are the leading companies in this field of business, why original SEDA products are the better

solution and will convince with customer service and new products in England."

The new partnership with JMC is a major step. Together with SEDAs UK Manager Bruce Henderson, JMC will take care of English customers. Managing Director, Phillip Pownall: "At JMC Recycling Systems we are dedicated to all aspects of metal recycling and vehicle de-pollution. With experience spanning over three centuries, we pride ourselves on offering high levels of quality, reliability and customer service with superior products for all applications within the recycling industry. JMC's collaboration with SEDA Environmental will offer our UK and Ireland customers a fully tried and tested product, with over 200 installations already in operation and the guarantee of dedicated after sales service and service support for many years to come. JMC are committed to providing quality products and excellent service at affordable and competitive



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- JMC Recycling Systems, Unit 2, Harrimans Lane, Dunkirk, Nottingham, NG7 2SD, Phone: +44 (0)115 9409630, [info\(at\)jmcrcycling.com](mailto:info(at)jmcrcycling.com), www.jmcrcycling.com **AR**

See Us at the Australian Auto Recycling Conference and Trade Show Sydney Oct 19-20



SEDA the world leader in 'End of Life' Vehicle Drainage Technology

Your dismantling process needs SEDA Model One 1 Drainage Tree. SEDA Model One 1 pumps away all waste fluids in full compliance with the highest international standards. SEDA Model One 1 drains: Fuels, Engine Oil, Transmission Oil, Dif Oil, Brake fluid and Coolant quickly and efficiently without risk of a spill.

For the typical Australian Auto Parts Recycler who prefers to drain and dismantle his vehicles on a two post hoist/s. The unit can be mounted between a pair of hoists so that two cars can be processed by the one operator. SEDA's Drainage Tree gives you the ability to suck away all waste fluids simultaneously, enabling a significant boost in productivity while efficiently handling hazardous waste fluids in a manner that exceeds the highest international environmental and safety standards.



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JAERA appoints Kawamura as chairman



New committee formed to develop young leaders

The Japan ELV (end-of-life-vehicle) Recyclers Association (JAERA) has appointed Mr. Fujio Kawamura, Chairman of TRC Group, as the new Chairman. The association is expected to set up a new committee, the "Policy Planning Committee," in an effort to foster young leaders in the automobile dismantling industry. These moves will be announced at JAERA's General Meeting to be held on June 15. Current Chairman Kuriyama and Vice Chairman Enomoto will both step down to the post of advisor. Vice Chairman Itami will continue to serve, while Vice Chairman Ohashi

from the NGP Group will be replaced by the same group's Hasegawa. JAERA's Recycling Technology Committee Director Yoshikawa and Commercial Vehicle Council Director Hashima will continue to take the same posts.

Kuriyama took the chairman's post 2 years ago after former chairman Mr. Sakai suddenly passed away. JAERA was forced to review its organizational structure. But it failed to face that challenge due to the occurrence of the Great East Japan Earthquake and Tsunami. The association has to use personnel and spend time on disaster relief activities.

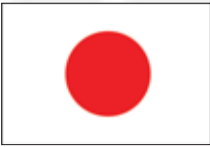
This year, it was difficult for JAERA to select candidates for the new chairman. Kuriyama and Enomoto

declined the offer of a new chairman post. It was after the golden week holidays of May when TRC's Kawamura finally agreed to take the post unofficially.

Under the recommendation of the Japan Automotive Parts Recyclers Association (JAPRA), Kawamura has been officially appointed as the JAERA new Chairman. JAPRA Chairman Shimizu will also serve as a JAERA executive member. Kawamura stresses the need to develop young leaders in the industry. He thus set up the Policy Planning Committee inside JAERA, which will be conducted by young owners of major dismantlers, mainly in the Kanto region. The new committee members will be announced by the end of May. **AR**

Daily Automotive News

One-sided operations of ELV business to begin



Resentment arising from recyclers

Honda Trading Co. started in August its HT System operations, which aims to strongly control the distribution of ELVs in the Japanese domestic market. Daily Automotive News explored the system and accessed the impact on the automobile recycling industry.

What is the HT system?

It is a recycler selection system of ELV handling based on the "Contribution Rate to Resource Recycling" set up by Honda Trading. The rate is calculated based on a recycler's sales volume ("resource sales") to Honda dealers. The recycler will have a bigger volume of dealings with Honda Trading if it sells a large volume to Honda dealers. The quota for each recycler will be decided one-sidedly by Honda Trading. Roughly 90 percent of the dealings will be given to recyclers based on the HT System criteria. But the remaining 10 percent will be decided based on dealers' reports regarding claims or complaint from recyclers, a recycler's contribution rate to areas other than resource sales, as well as corporate compliance.

Recyclers show anger!

Some recyclers sent letters to Daily Automotive News regarding the "heinous

business" of Honda Trading.

Actually, the volume distribution set by the HT System sent shock waves through the industry. The distribution of Honda cars is the third largest volume in Japan next to Toyota and Nissan vehicles for fiscal 2011.

One recycler said, "We refuse to join the HT System because we will have no merit." Another said, "I wonder whether I can go with such a system because it seems to be a subcontractor of the carmaker. But business conditions are difficult as it is." Most recyclers hesitate to accept the system. They also showed

concerns of strong control by carmaker in the recycling business.

After the price fall of steel scraps, the trade price of ELVs went down. But the number of ELVs is still declining, resulting in a tough condition for recyclers. Under this back-ground, the move to control ELVs at both the entrance and exit by a carmaker is strongly opposed by the industry. That move will also affect existing distribution of steel and non-ferrous materials in the domestic market. Honda Trading's moves will be very cautiously watched by many. **AR**

Source Daily Automotive News



Russia - The Kremlin Funds ELV Recycling with New Levy



The Russian government has decided to introduce a vehicle recycling

levy that could set the stage for the development of a modern car recycling industry.

Announced as a measure to address the growing environmental impact of ELVs on one hand, the new tax is also said to provide an opportunity for protecting domestic carmakers from competition.

Under the new 'Car Utilisation Fee' law signed off by Vladimir Putin recently, all passenger cars sold in Russia will be subject to a new levy starting from September 1. The rate of the tax, though not yet confirmed, is expected to be somewhere between Rbs20,000 to Rbs45,000 (\$600 – to \$1,400) depending on the potential environmental impact of the vehicle and its disposal costs.

Over the past twelve years Russia has committed considerable effort and tax revenue to boosting the domestic car industry, however little attention has been paid to the problem of ELV disposal.

Already the aging old car population is raising concerns as more than a third of the fleet are clunkers over 15 years old. 3 million new cars are sold yearly forcing more and more older ones into retirement putting pressure on an informal and inadequate auto recycling industry.

According to a recent report by PricewaterhouseCoopers, investment of at least \$2 billion will be required to establish efficient vehicle disposal infrastructure, including collection, treatment, dismantling and shredding facilities.

Car manufacturers and importers will be responsible for paying the tax and the proceeds will be used to pay for the proper disposal of clunkers in an environmentally sustainable manner.

However with Russia joining the World Trade Organization next month the Kremlin is coping criticism from other countries who declare the new law is a move aimed at protecting the local car industry. Critics



of the new law are saying the scheme would place local manufacturers and assemblers in a better position to disposal of their vehicles than importers.

For instance, carmakers who undertake responsible disposal of cars once they reach end of life might be eligible for an exemption from the new tax. Foreign car suppliers without infrastructure could find it more difficult to deal with ELV disposal.

Carmakers in Russia have been enjoying a buoyant market of late thanks largely to prohibitively high import duty rates on imported cars. But taxes that discriminate against foreign suppliers will have to be phased out when Russia joins the WTO.

It's too early to say what the final determination will be but in the meantime Russian auto recyclers and scrap metal dealers are looking forward to a government regulated car recycling industry that will be environmentally and economically sustainable. **AR**

Mike Third Reporter

China - Beijing tackles pollution with scrappage scheme



With the aim of improving air quality, Beijing city authorities have initiated a

special 'scrapping bonus' for old vehicles and those fuelled by heavy diesel. China's official press agency, Xinhua, reports that Beijing residents will receive from US\$397 to 2300 (Euro 319-1848) under the new subsidy for each eligible car they hand in.

Vehicles six years and over qualify as an 'older vehicle', explains Zang Yanwei, head of the vehicle management department at the Beijing Municipal Environmental Protection Bureau. The agency defines heavy diesel as a 'particularly polluting type of fuel generally used in industrial vehicles'.

Mr Zang added that, on top of the initial bonus, any resident purchasing a new and cleaner vehicle on the so-called 'ageing car transaction platform', will be awarded an additional sum of between US\$ 315 and US\$ 1575 depending on the make of car.

The new attention to car recycling results in part from a study, released earlier this year that revealed a link between heavy diesel emission and an increased incidence of lung cancer in the Beijing area.

This scrappage scheme is not the first of its kind in China. Programs were enacted in 2009 and 2010. Shanghai set up a scheme of its own which ran for over a year, aimed at increasing vehicles' average fuel efficiency. **AR**

In breaking news, 'Ukraine plans to introduce vehicle recycling tax in response to similar action by Russia.'

Toyota Europe Chooses Umicore to Recycle its Batteries



Belgium based global materials technology group Umicore has been

appointed by Toyota Motor Europe to recycle the lithium-ion batteries that help power its two latest Hybrid models.

Umicore will handle the recycling of the lithium-ion batteries that help power two new recently-launched Toyota Prius + and the Prius Plug-in Hybrid; The Japanese carmaker said Umicore has the capability to recycle valuable battery elements such as cobalt, nickel and copper in a cost-effective and sustainable manner. Umicore is also the only company worldwide operating two dedicated hybrid vehicle or full electric vehicle battery pack dismantling lines, Toyota said.



Once the partnership is finalized, Umicore will have the responsibility to recycle the batteries of the recently released models.

Toyota Motor Europe last year announced a partnership with French battery recycler SNAM to recycle the nickel-metal hydride batteries found in all Toyota and Lexus full hybrid models sold

since 2000.

The two agreements will more than help Toyota meet a European Commission battery recycling directive. Toyota will be "well above the European Commission recycling efficiency target," the company said. **AR**

Inside CAREC: The professional auto recycler's new code of practice



The Automotive Recyclers of Canada (ARC) have developed a new checklist

for Canadian auto recyclers. CAREC, the Canadian Auto Recyclers' Environmental Code, sets a national standard for environmental safety and best practice, says Managing Director of ARC Steve Fletcher.

The code was developed in the wake of the vehicle-recycling program, Retire Your Ride. Inspired by the National Code of Practice for Automotive Recyclers (CoP); CAREC expanded the scope of the Code to include all end-of-life vehicles – not solely models 1995 and older – and elaborated on incentives for participating recyclers.

The purpose of CAREC is twofold, Fletcher says. The first is as a guide for Canadian recyclers to better understand the industry's laws and regulations. The 33-page document summarizes everything from Federal and Provincial legislation to a breakdown of the proper handling of hazardous materials.

"Many of the rules and regulations and

acts aren't written with us in mind, they're written for people in the automotive service sector or just general businesses. But CAREC takes the laws and acts and puts them into plain language for recyclers," he said, adding that the code is structured to parallel how a car moves through recyclers' facilities. "It becomes an operational guide for the recycler to be proactive in what they're doing."

The second component of CAREC involves a series of third-party audits, where every participating facility has to score 75 percent or higher in order to retain both provincial and national memberships. The auditors, currently hired by ARC, use CAREC as a rubric.

"CAREC helps to educate the recycler on what the auditor is looking for – what's the minimum practice, what's best practice – and it allows them to do the checklist themselves," said Fletcher. "The philosophy behind it is that there's a continual improvement, you're never a perfect recycler, you always have something to work on... there's always a better way to do it, a faster way to do it, a cheaper way to do it.

"We're finding now that people are

executing their pollution prevention plans and they're saying 'When can I get audited again because I want to make sure I'm going in the right direction and I want to do some more things.' So it's really continual improvement."

For the time being, ARC will continue to develop CAREC by consulting with various provincial associations as to "what is reasonable, what is cost effective and what will continue to drive good behaviour," said Fletcher. "We think it's going to be an every-three-year audit, but no firm decisions have been made."

CAREC was first developed by both ARC and Summerhill Impact, the producers of Retire Your Ride. However, ARC has since taken over the rights and oversight to the project.

What has been determined, according to Fletcher, is that CAREC is around to stay. He says they doubt it will be replaced. Ideally, they want it to continue to grow.

"An ideal end to it is that government recognizes it as the standard and begins to implement it in regulation. Right now only ARC members are CAREC audited, so we're 420 out of a 1,000 recyclers out there. And like any business, we need a level playing field," he said. **AR**

By Caitlin Choi Canadian Auto Recyclers magazine

SIMS Trial Cashless Transaction Scheme



Sims Metal Management has set up pilot schemes at four of its facilities in

the UK to trial payment under an electronic bank transfer initiative known as 'Swipe and Sign', in anticipation of a government ban on cash transactions for scrap metal traders.

At its site visiting traders and members of the public will be offered the opportunity to swipe their Visa Debit card into a machine and then signing in order to authorise the transaction. 'The signature will also bring an added layer of security,' SimsMM points out. For the period of the trial, SimsMM will take cash only if requested and payments will be made subject to the provision of photographic proof of identity. SimsMM worked with Barclaycard to develop the system in which funds are credited into the customer's bank account electronically and are accessible within two to three days. In the meantime, the company is continuing to explore other methods of making cashless payments so as to improve the service.

SimsMM's Sales and Marketing Manager Derek Campbell says: 'As the world's largest metals recycler, we are keen to see how cashless trading in the UK is going to work in practice, well in advance of the legislation becoming law. That way we can iron out any teething troubles before the ban takes effect.' Once suppliers have registered on the new system as a supplier to Sims and have completed the necessary proof of identity checks, 'they will no longer have to go through the inconvenience of

proving their identity each and every time they bring material into one of our sites'.

And he adds: 'It may be that, in the long term, customers find the card system easier and more convenient than cash payments.' Devendra Kumar, Director of Product and Strategy at Barclaycard, comments: 'By reducing cash on the premises, this payment option will reduce the risk of fraud, theft and the cost of handling cash. **AR**


From Recycling International magazine



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Cutting Corners

BILL BARTLETT - EDITORIAL CONTRIBUTOR

The Conference Season

Keeping up with the "state of knowledge" in the recycling industry is challenging to say the least. Finding the time to attend relevant forums is the most time-effective method of sorting out facts, the realities of where recycling is headed and how individual business may capitalise on the inevitability of change.

5th Asian Automotive Environmental Forum.

Presenting a clear indication of Asia's position on ELV policy.

In addition to the APRAA/Pinnacle Conference, the 5th Asian Automotive Environmental Forum is being held on the Gold Coast from November 29. This event, being hosted and organised by Auto Recyclers Association of Australia will be the annual gathering of representatives from vehicle manufacturers, environmental authorities and auto recyclers, with a focus on developing co-operative strategies between all parties involved in manufacturing and subsequently processing ELV's. This promises to be an interesting insight into Asia's determination to further develop their ELV policy by involving all stake holders, with the aim of ensuring a manageable outcome for all parties.

Australian Auto Recyclers Conference and Trade Show.

It is great to see that APRAA have partnered with the respected Pinnacle organisation to conduct another Conference and Trade Show in Sydney this October. Numerous recyclers have attended these events over many years and the conference has a long standing reputation for providing coverage of an excellent range of topical subjects, well known local and overseas speakers, as well as being renowned for the networking opportunities it has provided for recyclers who in the head-down daily running of their businesses were simply unaware of available business opportunities. Keeping abreast of the latest advances in

technology and business equipment has also been valuable and is simplified through face-to-face contact with Trade Show staff.

Social occasions are also a feature, with sufficient glam-up formal events providing a little relaxation and entertainment. It may well be that entertainment talents which emerged in earlier conferences may undergo a revival this year if members of a certain Group are in practice and sufficiently performance-enhanced to present their Oompah skills!! If this does occur, early betting is not recommended.

Planning and conducting a Conference of this size is always a major undertaking and the organisers are to be congratulated on once again taking on the project of providing all industry members the opportunity of tangible benefits through "keeping up"....and improving their bottom line.

NMVTRC - Industry Forum.

Further to previous comments on NMVTRC activities in this column, many recyclers, insurers and auto industry stakeholders attended the industry forum in Melbourne on June 7.

A variety of issues affecting recyclers and NMVTRC theft reduction strategies were discussed, while preferred outcomes and a move to establish action plans were agreed. Participants have commented enthusiastically that the forum was not simply a talk-fest and were impressed with the positive and practical tone of the outcomes resulting from syndicate group discussions.

Of particular interest to recyclers was the wide recognition that legitimate

recyclers are being significantly disadvantaged by the growing number of "informal" traders involved in handling ELV's. The present range of outdated, incomplete and difficult-to-police ELV trading regulations throughout individual States was identified as potentially facilitating illegal trading, and clearly a prime area for improvement; forum participants clearly understood that establishing an improved structure of accountability in the separated-parts market is essential to maintain viability of the legitimate recycling industry ... and controlling vehicle theft. Agreement was reached that modernisation of the regulatory system is now a priority.

Group discussions on the environmental, vehicle-tracing and accountability benefits in establishing a Voluntary Product Stewardship Scheme which would be open only to qualified recyclers, resulted in NMVTRC undertaking to liaise with stakeholders to investigate the design, management and operation of such a scheme. It is quite possible that this could become the forerunner to establishing Australia's own ELV Policy.

With their well-earned reputation for engaging all stakeholders in achieving major reforms resulting in significant reductions in Australia's stolen vehicle "industry", there are plenty of positive vibes in support of the planned outcomes from this latest forum.

A speed hump!

The ability of NMVTRC to carry out their programs depends on renewal of State Government and insurance industry

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Cutting Corners

BILL BARTLETT - CONTINUED

funding for a further three year term: at this time it appears that funding for this period is not assured, with Queensland not yet agreeing to re-commit.

A number of Queensland recyclers have made direct and written submissions to their State Government, requesting continuation of that State's contribution to ensure NMVTRC continuation is not at risk. To their credit, these recyclers have clearly stated that:

- Their financial viability is at risk due to an increased criminal element in the parts and scrap metal industries, with high levels of non-compliance with environmental, OH&S and taxation law.
- NMVTRC's track record and plans to address these issues have industry support and probably would not otherwise get off the ground,
- Being a national issue, current plans and previous gains would also be jeopardised in every State,
- Demand would increase for Government to provide additional Policing to combat an already rising rate of vehicle theft in Queensland.

At the time of writing, the final Queensland Government response to this request is unknown.



*GRAEME NORTON OF 3R (NEW ZEALAND) AT NMVTRC FORUM ON THE MANAGEMENT OF END OF LIFE VEHICLES

The Queensland recycler's claims are correct and the closure of professionally operated businesses will occur if the present unregulated trading environment is allowed to continue.

Action is needed and despite the current budget constraints in Queensland, surely it seems highly

unlikely that a national program of such significance to small businesses, the environment and the consumer could be jeopardised by a lack of funding from one State ... could it?

Keep smiling, happy trading ... and enjoy the Conference Season! **AR**

Bill Bartlett

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