

Stolen Vehicle Export – Is there a problem? – Is there a solution?



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Theft Reduction Council

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Overview



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- Size of Australia's recycling/scrap market
- The role of vehicle recycling/scrap industry in vehicle theft
- The extent of export related theft activity
- What are the potential solutions to export related theft?
- Questions

Size of the Aust. ELV Market



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Nationally – In an average year

- 100 – 120,000 damaged cars entered on WOVR (20 – 30,000 are repaired and re-registered)
- 500 – 550,000 additional registrations are not renewed
- 580 – 640,000 vehicles are presumably processed for parts recycling and scrap
- In 2002 it was estimated 90% of ELV's were processed through Australian based shredders (current volumes not known)

Size of the Aust. ELV Market



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- Nationally the total number of enterprises involved in vehicle recycling and/or scrap in Australia is not officially recorded
- In 2014 we determined that there were approximately 490 related enterprises in Victoria alone
- This would indicate that nationally there are approximately 1800 to 2000 enterprises involved in vehicle parts recycling and/or scrap.

The role of the industry in theft.



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- The industry has many quality businesses but also many very poor quality businesses
- In 2014 together with police and other authorities we audited more than 430 Victorian motor wrecking and scrap metal businesses
- We checked their compliance with all applicable laws including licencing, record keeping, environmental processes, safe work practices and potential criminal involvement in vehicle theft

The role of the industry in theft.



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The audit discovered:

- 7 in 10 either did not hold the correct licence or were not obeying all of their licence conditions
- 9 in 10 did not comply with written-off vehicle notification laws
- 9 in 10 were in breach of the work safety or environmental laws at least to some degree with—
 - 1 in 5 having extreme safety risks; and
 - 1 in 10 having extreme environmental breaches
- Many businesses operate almost exclusively on a cash only basis making transactions untraceable

The role of the industry in theft.



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Non-compliance with laws and professional business standards:

- Causes significant environmental harm
- Avoids taxation and other government charges
- Gives an unfair competitive advantage over legitimate business operators
- Enables vehicle thieves to sell stolen vehicles to the industry without any fear of apprehension
- Makes investigation of stolen vehicle disposal extremely difficult

Common Characteristics of Unlawful operators



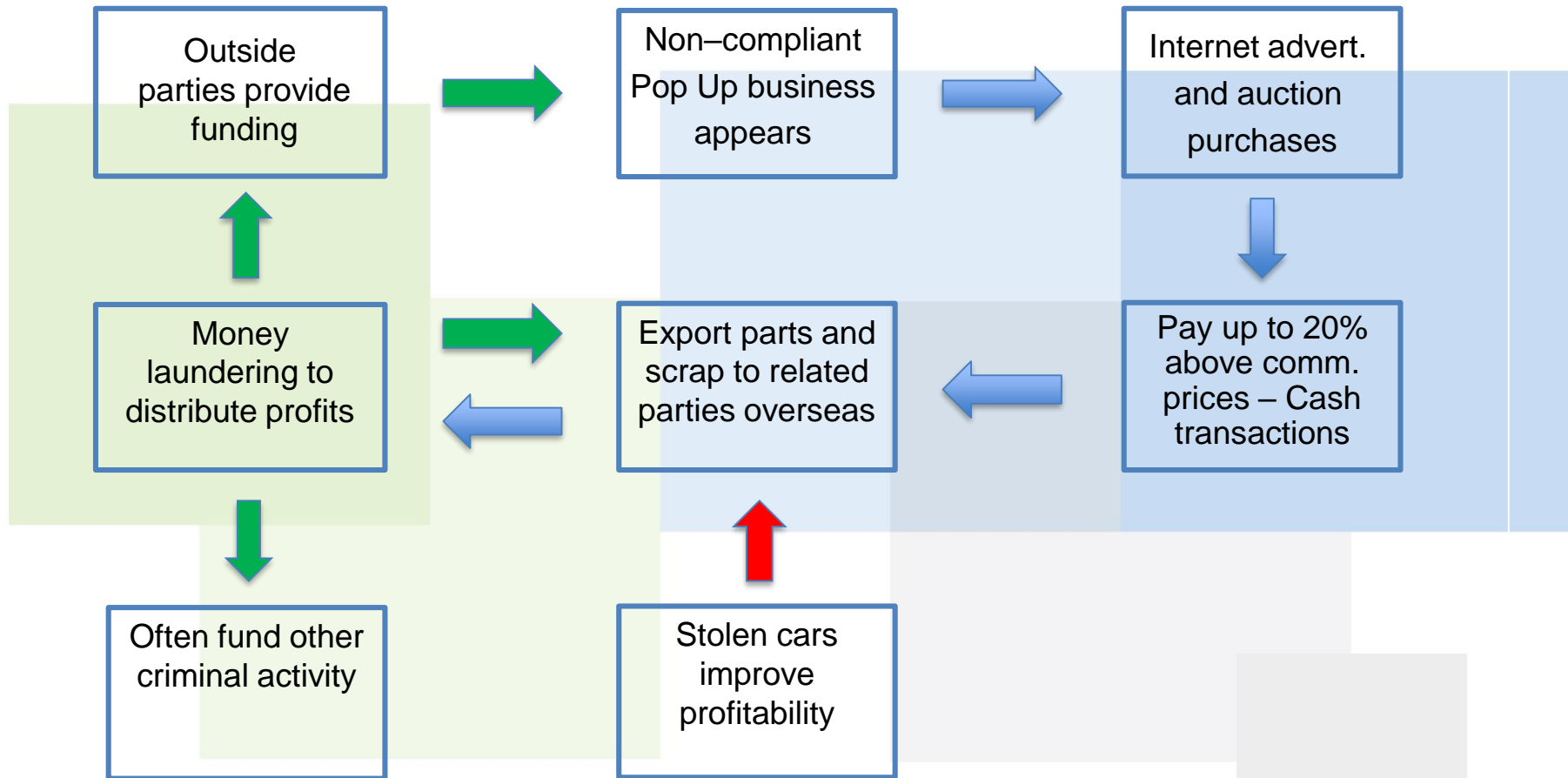
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Unlawful Operational Model



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Common Characteristics of Unlawful Operators



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- Very unlikely to be a member of a trade association and have no interest in industry governance or standards
- Minimal capital investment in equipment, processes or record systems
- Virtually no compliance with applicable laws
- A focus on scrap metal and parts (particularly export related)
- Some long term industry participants but many new entrants (pop ups)
- Will not report suspicious activity and support a black market through cash only transactions

How do we know export is a problem?



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- Of all stolen not recovered vehicles:
 - Only 1% are valued at more than \$50,000
 - 90% are valued at less than \$20,000
 - almost 50% are valued at less than \$5,000
- Police investigations increasingly discovering export of parts and scrap
- Significant growth of “pop up” operators using non-viable business models and exporting large quantities of parts and scrap

How do we know export is a problem?



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End use or fate	Volume	Share %	Trend
Dismantled for parts	2500	25	Rising
Converted to scrap metal	2500	25	Rising
Re-birthed or cloned	500	5	Reducing
Exported	4,000	40	Rising
Dumped in bushland or waterways	500	5	Reducing
Total	10,000	100	

What is the solution?



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Solution is a combination of:

- Short term: banning cash transactions, increasing investigation powers and increasing penalties for unlawful activity
- Medium term: Improving the effectiveness of current industry regulation
- Longer term: Elimination of unlawful operations by restricting sale of ELV's to qualified businesses that meet best practice industry standards (end of life vehicle scheme).



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Questions

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