

SCRAP METAL INDUSTRY BILL 2016

First Reading

Bill introduced on motion by Mr Troy Grant, read a first time and printed.

Second Reading

Mr TROY GRANT (Dubbo—Deputy Premier, Minister for Justice and Police, Minister for the Arts, and Minister for Racing) (10:27): I move:

That this bill be now read a second time.

I am pleased to introduce into the Parliament today a bill which we believe will, if enacted, make a serious difference in helping to prevent property crime across New South Wales, whether it be opportunistic or well organised. In introducing this bill, I would like to acknowledge the presence in the chamber of the shadow spokesman for police. The Scrap Metal Industry Bill 2016 provides for the regulation of scrap metal dealers in New South Wales. As the name suggests, these are businesses which purchase—generally for cash—all manner of metal objects which are sold as scrap and then crushed and recycled. I am advised that there are currently in the range of 600 to 700 scrap metal businesses operating across New South Wales. Up until now, this trade has been largely unregulated and undocumented, making it extremely attractive to criminals as a way to make some quick cash.

Police tell me that this might lead to, for example, the same people dropping off cars they have stolen to scrap metal yards week after week, someone offloading a dozen hot water systems they have illegally ripped out of a new development as scrap or a bulk load of stolen copper piping or wire which might, until recently, have been part of an operating rail line or the copper plumbing infrastructure of a local school hall. A scrap metal dealer offers a few hundred bucks each time for the metal, no questions are asked and a person is quickly on his or her way again, off to score some drugs with the money or whatever is done with the ill-gotten proceeds.

The victims of crime, whether it be a builder, the Government, a contractor, a low-income family, a community group or, worse still, some of the most vulnerable in the community—our aged population—are left to deal with the mess and somehow find a way to carry on while the perpetrators make an insurance claim, if indeed they have insurance at all. The impacts of metal theft may well be widespread; we believe that is so. For example, the *Sydney Morning Herald* reported on 25 August 2015 that would-be thieves were lucky not to have electrocuted themselves as they attempted to steal copper wire from Ausgrid power poles on the Central Coast. The would-be burglars sawed through a pole with a chainsaw in a paddock in Doyalson, bringing down a pole-top substation and live power lines across a property, which then cut power to some 800 homes and businesses on the Central Coast, according to the information provided by Ausgrid. The resultant sparking could have started a bushfire, and it took Ausgrid 3½ hours to repair the damage.

It is the Government's view that the regulatory model proposed through this bill will help to significantly prevent property crime in three major ways. First, it will close off scrap metal dealers as a source of quick cash. Secondly, it will ensure that the sales of stolen scrap metal to dealers are able to be traced through the keeping of clear records. Thirdly, it will provide powers of entry and inspection for police officers. I make it clear that the proposed legislation will not impact on anyone legitimately looking to offload scrap metal. For instance, people who enjoy scavenging on council clean-up days with a view to making a few dollars or who find it necessary to move a rusted car chassis—I have one in my backyard—can still do so in the normal way but will no longer be paid in cash and will need to prove their identity. That is not too onerous.

As evidenced by the bill, its intention is to regulate the activity of scrap metal dealers and not the backgrounds, conduct or competency of those running or working in scrap metal yards. The bill ensures that the scheme is easier to administer and comply with whilst at the same time directly addressing the practices that continue to drive property crime in New South Wales. We also know that a similar scheme in place in the United Kingdom has already proven to be successful, with the number of metal theft incidents falling significantly in the scheme's first year of operation.

I will now turn to the provisions of the bill in detail. Clause 3 of the bill outlines a range of key definitions which highlight the scope of the proposed scheme. Definitions of "motor vehicle", "scrap metal" and "scrap metal yard" are expressly provided in clause 3. Part 2, division 1 of the bill sets out the registration requirements for scrap metal businesses. This makes it clear that registration is

automatic. Police cannot refuse an application for registration but it is an offence for scrap metal businesses not to register. Businesses will be supplied with a certificate of registration and police will keep and maintain a publicly accessible register of scrap metal businesses. We see the register as providing multiple benefits. First, it will make it easier for police to know how many scrap metal yards are operating in their local areas and to pay them a visit from time to time should the need arise.

I am told that currently some businesses could almost be said to be operating covertly. The frequency of police visits to scrap metal yards will be driven by the volume of property thefts in a given area and the strength of relevant criminal intelligence or reports of suspicious transactions from scrap metal dealers. The register will also provide prospective customers with an assurance that they are dealing with a business that is operating within the law. It will be useful for other Federal and State government agencies such as the Environment Protection Authority and the Australian Taxation Office, which have an interest in making contact with scrap metal businesses to ensure that these businesses are, for example, paying their taxes and levies, and disposing of waste appropriately. Those agencies will also benefit from the records that scrap metal businesses will be required to keep under the proposed new scheme.

As I have previously flagged, clause 12 of the bill provides that scrap metal dealers will be prohibited from paying for scrap metal in cash or in kind with goods and services. Businesses can pay their customers via an EFTPOS transfer or a cheque. This will ensure there is a record of the transaction and will remove the incentive of receiving an anonymous cash payment for a car or other metal items acquired through theft. More and more businesses are relying on those types of payments, so this is not considered onerous. It will also remove the need for scrap metal businesses to keep large volumes of cash on hand, which could also be a security risk for them. Clause 16 of the bill outlines the transaction records scrap metal businesses will be required to keep under the proposed new scheme. They include key identification details for the seller of the metal, a description of the scrap metal and its quantity or weight, and in the case of motor vehicles, the unique identifiers. This is designed to ensure that each transaction can be traced should it be necessary for police to do so in the investigation of property theft.

Part 3 division 1 of the bill provides for interim and long-term closure orders. The Commissioner of Police is empowered to make an interim closure order provided certain criteria are met. The order is proposed to last for 72 hours unless it is repealed or revoked sooner. More than one interim order closing the same premises may not be made within a seven-day period. Police may also apply to the Local Court for a long-term closure order. A court may order closure of a specified premises for a period or until such time as a court considers appropriate, provided certain conditions are met. This will help police to manage instances of ongoing non-compliance, or where serious criminal offences have been, or are likely to be, committed at or in connection with the subject premises.

Part 3 division 2 of the bill outlines the police powers available to officers seeking to administer and ensure compliance with the provisions outlined in the bill. This includes the power of entry without a warrant to a scrap metal business for the purposes of determining whether there has been compliance with, or a contravention of, the Act. Any part of the premises which is used for residential purposes only is excluded from this provision because it relates to the business and not the residence. In addition, whilst on a premises that has been lawfully entered, a police officer may carry out a range of actions, as listed, which are all geared towards gathering the evidence required to establish a contravention of the legislation. Those actions include seizing a document or other thing that the police officer believes, on reasonable grounds, is connected with an offence against the Act or supporting regulation, or taking photographs, films, audio, video or other recordings as the police officer considers necessary. A supporting regulation will be drafted, which will be ready to commence concurrently with the legislation in early 2017. This will, amongst other things, prescribe penalty notice offences and will outline a schedule of fees, including the fee for a three-year registration certificate, which is likely to be less than \$300 for the length of that three-year registration.

Finally, it is proposed that the Act will be reviewed following three years of operation to determine whether its policy objectives remain valid and whether the terms remain appropriate for securing those objectives. This regulatory model is designed to prevent property crime that is opportunistic, organised, large or small-scale crime. The model proposed in the bill strikes the right balance; it does not interfere with business but ensures that police have the powers and records they need to investigate property theft. The bill will close off an avenue which allows for the quick and anonymous disposal of stolen property such as cars, hot water systems, building materials and parts of critical infrastructure. In so doing it will better protect victims from such theft. Businesses that

presently keep reasonable records will not notice much change to the processes at all. I recognise Commander Murray Chapman, Paul Skuratowski and Con Galea from the Property Crime Squad within the State Crime Command for the commitment they have shown in developing this proposal and for their ongoing efforts to drive down property crime across New South Wales. I commend the bill to the House.

Debate adjourned.