# Report 7:

# Tyrewise Summary Report

# July 2013 [Updated 15 August 2013]

This summary report has been prepared for the Minister for the Environment and the Waste Advisory Board to inform about the process undertaken to develop an industry led product stewardship programme for end of life tyres in New Zealand, and the recommendations of that working group to government. The report has been updated for public release at the completion of the project deliverables (15 August 2013)

The report is for the Tyrewise Working Group and Ministry for the Environment's purposes only and should not be quoted or reproduced without the consent of the project manager.

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# Document Control and Sign Off

| Date | Version | Document | Author |
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| 12/07/13 | DRAFT | Report 6 – Summary report for Waste Advisory Board | 3R Group Ltd<br><br>Tyrewise Project Managers |
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| 30/07/13 | RELEASED 2 | Revision to Section 3.3.6 incorporating feedback from Bridgestone and the PSO (Auto Stewardship NZ) regarding funding of implementation costs as a result of meeting held 29/07/13 | 3R Group Ltd<br><br>Tyrewise Project Managers |
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# 1.0 Introduction

This report is the sixth in a series of documents that collectively intend to provide the necessary information to stakeholders for developing a comprehensive, robust and enduring nationwide product stewardship scheme for end of life tyres.

The information provided in this report builds on findings and recommendations from the reports and guiding documents delivered as a result of the project plan for Waste Minimisation Funding Deed 20098 (2012) and signed off by the industry stakeholder working group.

The purpose of the project was to develop a product stewardship programme for the recovery and safe disposal of End of Life Tyres (ELT) in New Zealand that is world best practice with benchmarks to be mandated in support of reduced waste, reduced risk of environmental harm and of export trade, and suitable to present to the Minister for the Environment for accreditation. Its specific objectives are:

- To design a stewardship programme that ensures benchmarking against world best practice standards and an auditable process to ensure independence between funders, managers & operators;
- To develop new markets for the collected product (either from initial processing or value add) with the aim of decreasing the cost of the ELT process;
- To ensure the deliverables of ELT stewardship addresses local and central government legislative and environmental obligations (Local Government Act & Waste Minimisation Act 2008);
- To develop new recovery routes by supporting research and development programs; and
- As an outcome of the project, to provide the Minister with well substantiated proposals for robust regulation to prevent free-riders and ensure longevity of ELT management.

The industry stakeholder working group members are shown in Table 1. This group remains intact as at time of writing this report and will continue on in an advisory group capacity until an industry solution is in place.

## Table 1: Industry Stakeholder Working Group

| Organisation | Participant (CEO / General Manager or similar role) |
|---|---|
| Motor Trade Association (Inc.) (MTA) | Liezel Jahnke |
| Bridgestone NZ Ltd | Heath Barclay |
| Goodyear Dunlop Tyres (NZ) Ltd | Bill Prebble |
| Motor Industry Association Incorporated (MIA) Perry Kerr (ret. 30/6/13) | David Crawford |
| Imported Motor Vehicle Industry Association Incorporated (IMVIA) | David Vinsen |
| The NZ Automobile Association Incorporate (AA) | Stella Stocks |
| Fleetsmart (Cardlink) (exited 30/6/13 restructure, continue to support) | Craig Baldwin |
| Local Government NZ | Brent Aitken |
| Value Tyres | Billie Watmuff |
| NZTRACA (NZ Tyre Recycler and Collector Association) | Jo Knight & Jim Laughton |
| Ministry for the Environment (MfE) | Dana Peterson (observer) |

## 2.0 The Problem

5.1 million Tyres are imported into New Zealand annually, it is estimated that only 30% (by weight) of ELTs are moving to material recovery – the rest go to some form of land filling (consented or otherwise).

In 2011 the split between new, used and on vehicle imports (by number) were:

- New Tyres 74%
- Used Tyres 6%
- On vehicles 20%

Collectively this amounts to 62,000 tonnes of which:

- 52% originate from "passenger vehicles";
- 38% originate from "truck and bus" and
- 10% originate from "off road" (eg grader, forestry and earthmovers).

A network of collectors, processors and end users of ELTs has established over the years, supported by leading tyre companies. However, collectively they address only a minority of the ELTs generated.

The focus of the networks to date has been on passenger/truck tyres with off road tyres "the elephant in the room" as disposal is currently highly problematic.

There is no history of tyre derived fuel (TDF) use in New Zealand although some of the tyres currently collected are being sent overseas as TDF to Asia.

Interviews with sector participants confirm that, for the majority in NZ ELTs are seen as a waste issue, not a resource to be utilised. This is in contrast with overseas experience where, provided there is supporting rule-making which requires participation and registration, a wide range of end use and energy recovery options have developed. This includes smaller countries or provinces (e.g. in Canada).

A gap analysis using the World Business Council for Sustainable Development's Tire Working Group framework shows only partial achievement of management, collection and recovery of ELTs when there is an absence of supporting legislation to "level the playing field" and support universal access to stewardship for tyres.

Given this landscape the sector sees an opportunity to build a New Zealand model that takes the best of successful models in other jurisdictions and can achieve much higher recovery to beneficial use rates.

## 2.1 Market Failure

While there is an established network of end of life tyre collectors and end processors there is still a market failure as the true value of end of life tyres is not being realised. End of life tyres are mostly seen as a waste problem to be disposed of, often as cheaply as possible, rather than a valuable resource.

Most tyre retailers charge the customer an advance disposal fee ranging from $2.50 and sometimes up to $16, depending on the size of the tyre from passenger tyres through to off road tyres. Passenger tyres only typically in the range of $2.50 to $7. Landfills and transfer stations also charge a disposal fee depending on the size of the tyre. There is some degree of mistrust and suspicion from the tyre collector and processing industry, and probably consumers, about what happens to this fee.

In many regions major waste companies supply bins to the tyre retail shops. The bins can hold a large number of tyres and cost as low as $40 per bin to have picked up. The waste disposal companies then dispose of the tyres to landfill. This is often the cheapest disposal option for the tyre retailers and results in a large volume of end of life tyres going to landfill even when there are valid recovery options available in the area.

It was also highlighted that in some cases in the Auckland region ELTs at retail stores are being exchanged for cash or alcohol. These tyres are then dumped illegally or exported for reuse to the Pacific Islands, mainly Samoa or Tonga. While it is thought that this is not normal business practice in this country, it is worth noting.

Often tyre retailers allow farmers or other people who may have a use for the tyres to take them away free of charge, or for a small fee. Once again, this is the cheapest possible disposal option. A survey of 58 Motor Trade Association members showed 41% of tyres were informally disposed of for reuse, recycling on farm etc.

The same concerns can be applied to New Zealand's own situation of importing used tyres from Japan. Cheap used tyres are being imported, which have a short life span, and add to the disposal problem. As yet New Zealand doesn't have a sustainable solution for managing end of life tyres, and importing used tyres adds to the burden.

## 3.0 The Proposed Solution

A working group comprising ten industry members have come together to take a leadership role in the development of an end of life solution for tyres. They have each signed a mandate to represent their sector. It was recognised that from the broader industry sector, this was the group that had the most influence and opportunity within the end of life tyres (ELT) process to bring about effective change and to ensure that a structure for ELT development within NZ was robust. One of their key tasks was to ensure that the wider industry stakeholder groups (inclusive of ELT tyre collectors, processors and end users) were aware of their opportunity to have their say throughout the process.

One of the challenges faced by the project managers was to ensure that reports delivered facts based evidence to the working group for their consideration, and to inform decisions that collectively moved the project through each milestone.

The following investigations were conducted to provide facts based evidence and gauge the readiness of the industry to participate in a mandatory stewardship solution for this problematic end of life waste.

- **Scoping Report One:** Presented an investigation into the current situation for collection and disposal of ELTs in New Zealand and internationally.
- **Scoping Report Two:** Conducted an investigation into alternative uses for collected tyres internationally and in New Zealand, and then ranked these potential uses by cost efficiency and resource recovery effectiveness and the degree of supporting verifiable evidence available locally or internationally for claims made.
- **Scoping Report Three:** Looked at feasible options for a product stewardship programme for ELTs in New Zealand, investigated the likely costs and benefits of the options and reported on the nature of any regulatory framework that might be required.
- **Scoping Report Four:** Looked at what success might look like, developed a set of guiding principles for the ELT product stewardship scheme, outlined governance of the proposed scheme and outlined the scheme coverage, limits, regulatory framework required for viability and the proposed indicative timelines.
- **Scoping Report Five:** Provided feedback from WasteMINZ Conference attendees and other stakeholders on material publically released at the time, **Scoping Report Six**: Summary of Public Consultation outcomes in March 2013
- **Cost Benefit Analysis:** Presents a range of assumptions and estimates that underpin a cost benefit analysis (CBA) of options relating to an industry led product stewardship scheme for end of life tyres in New Zealand.
- All of these reports are available from www.tyrewise.co.nz

## 3.1 Preferred Approach

To ensure full participation and regulatory support, a "priority product" approach is preferred. The working group want priority product declaration for tyres from the Minister for the Environment under the Waste Minimisation ACT 2008. Voluntary approaches have been tried in New Zealand and have not been sufficiently effective.

The working group understood that in order to seek priority product declaration, they needed to consider affected party and public concerns that might result from this approach. As they developed the scheme framework for an effective mandatory product stewardship scheme they set out to seek out what those concerns would be and address them.

## 3.2 Scheme Framework and Industry Readiness

After investigating the current situation as well as identifying the market failure, the working group next looked at what is possible both from offshore and within New Zealand in terms of viable alternative uses for ELTs. This included an understanding of what is available now, the immediate short term and over the long term. This took into account the ability of industry stakeholders to undertake significant investment in the kind of infrastructure, and timeframes that would be required to address ELTs. Specifically the working group sought to understand what financial resources would be required throughout the supply chain and what contractual arrangements would need to be in place to underpin the supply of ELTs for processing including off take agreements for the resultant manufactured products.

They also investigated how incentive payments could be applied throughout this supply chain to address the market failure and model this from implementation through to business as usual where market failure would be well on the way to being addressed.

As a result of the work undertaken by the working group through their networks and via public consultation, the industry has moved to a position where they are ready for a mandatory end of life tyre stewardship scheme to commence.

What the scheme, Tyrewise, might look like was the subject of public consultation sessions run in March 2013 where feedback as a result of these sessions was incorporated back into the recommended scheme.

### 3.2.1 Product Stewardship Organisation

Legal advice was sought for the best structure for the proposed scheme, a Trustee Position Description developed and a Legal Entity to hold the scheme (the PSO) formed. This PSO is Auto Stewardship New Zealand (refer Appendix 1 for the Deed).

An Auto Stewardship PSO was seen as the best umbrella organisation that could work on stewardship solutions for all other aspects of "autos" beyond Tyres – future proofing this problematic waste. It will also in due course look at oil, batteries and the end of life of a vehicle as a whole.

The specific purposes of Auto Stewardship New Zealand (ASNZ) are:

(a) to promote the aims of product stewardship and environmentally sound waste management practices in the auto industry to the benefit and advantage of all New Zealanders through the recovery and recycling of auto industry related products as identified from time to time (including but not limited to end of life tyres, end of life vehicles, used batteries and waste oil; and

(b) to hold and manage developed programmes on behalf of the auto industry; and

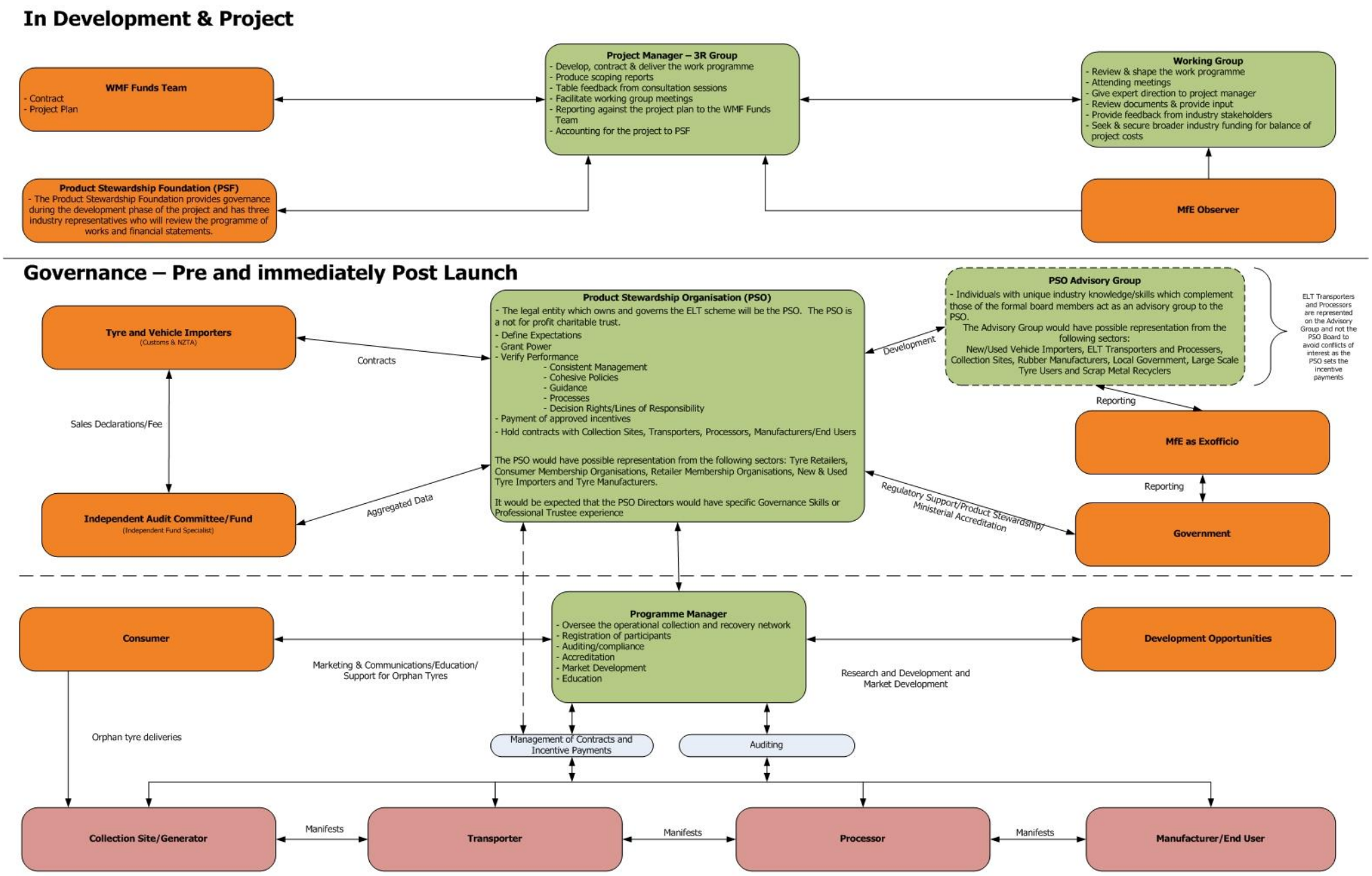
(c) to link and liaise with other developed programmes that may not be within the ASNZ umbrella; and

(c) to promote the adoption of programmes by the auto industry of environmentally sound waste management practices; and

(d) to pursue every object or purpose within New Zealand which in accordance with the laws of New Zealand for the time being is charitable.

Reference Figure 1 – Proposed PSO Governance Interactions

Figure 1 - Proposed PSO Governance



### 3.2.2 ASNZ Deed Trigger Point

The Deed for ASNZ has been structured to meet the needs of some of the industry trustee representatives who would only commit resources to the PSO at the point at which priority product was declared by the Minister.

Therefore there is a clause in the Deed that is triggered for the next phase to occur which is appointment of the balance of industry trustees, an action for their own industry organisations to undertake a legal review of the ASNZ Deed, application for charitable trust status and incorporation of the transparency and accountability function – referred to as the "black box function" – which is provided by an independent funds manager. The "black box function" refers to the provision of funding transparency and accumulation of industry data in commercially confidential form from the providers of the scheme and consequently reporting of that information in aggregate form back to Government, various stakeholders and the public.

At announcement of "priority product" for tyres, a tender for a programme manager for the Tyrewise Product Stewardship Scheme would be advertised and the recruitment process would be undertaken by the PSO.

The current working group for Tyrewise will continue to act in an advisory group capacity during the interim phase from completion of Milestone 7 to an action taking place.

## 3.3 The Scheme

The preferred Working Group scenario is that Tyrewise is the accredited mandatory stewardship programme for End of Life Tyres (ELTs) in New Zealand. It is envisaged as an industry led and government accredited scheme via the provisions of the Waste Minimisation Act 2008.

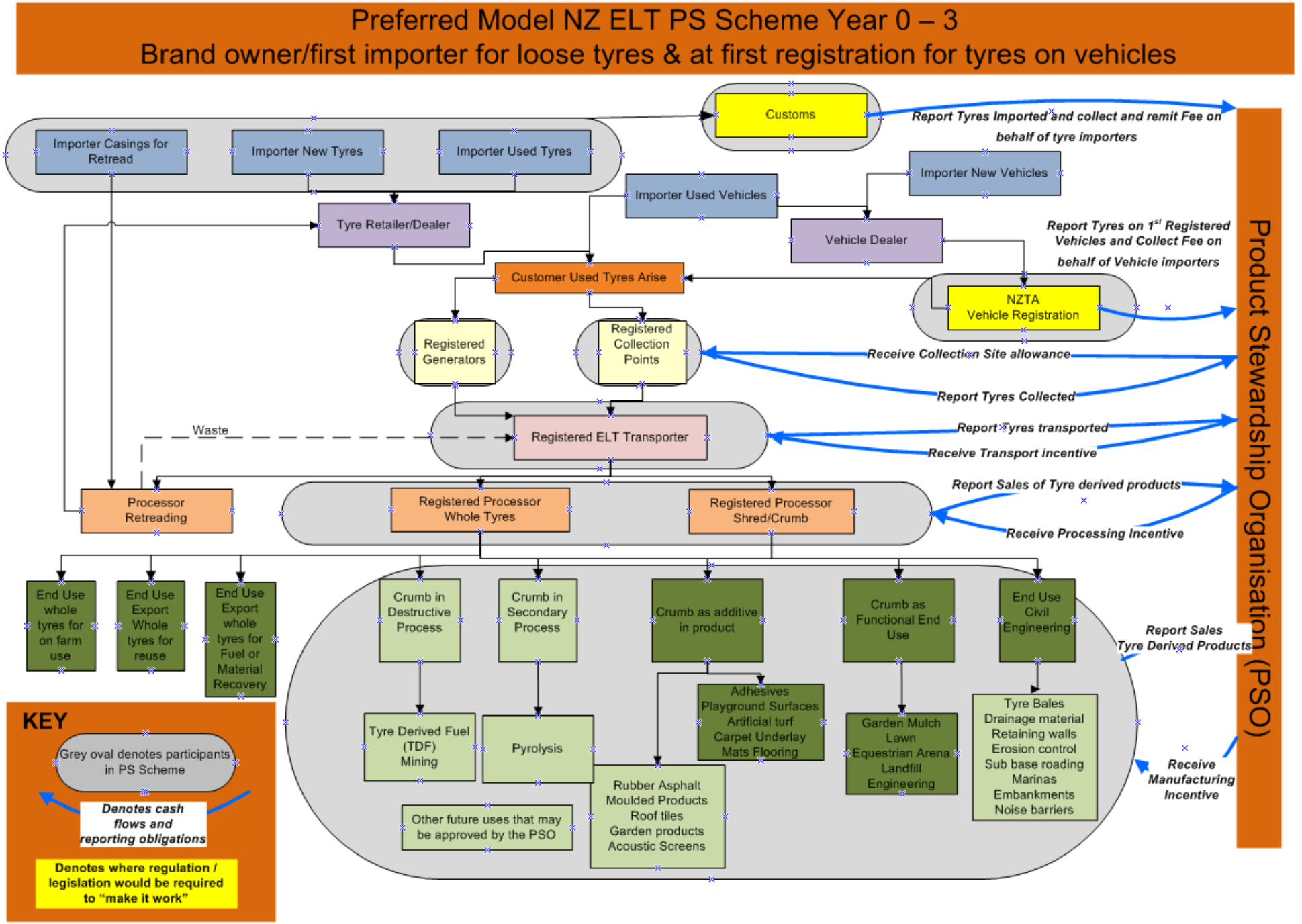
The preferred scenario, that is the least administratively expensive with highest predicted rates of recycling and lowest rates of non-compliance, is that a Tyrewise Fee/Advanced Disposal Deposit is collected on all new and used tyres entering the country either as loose imports or fitted to vehicles. The Tyrewise Fee/Advanced Disposal Deposit is proposed to be collected by Customs on loose tyres and by the NZ Transport Agency (NZTA) via the initial vehicle registration process for tyres fitted to vehicles. Payment of this Tyrewise Fee/Advanced Disposal Deposit would be (directly or via an agency account) to the Product Stewardship Organisation (PSO) which would have overall responsibilities for delivering the ELT stewardship programme.

It assumes that the regulatory powers under the Waste Minimisation Act, relating to "setting of fee" for management of a product and "class of person or persons" who must pay the fee will be sufficient to allow/require Customs and NZTA to collect the Tyrewise Fee/Advanced Disposal Deposit in the proposed manner.

A full cost benefit analysis was used as the economic assessment tool that enables comparison of the status quo "do nothing" scenario with the impacts of the proposed scheme and an alternative option which will address the environmental and resource waste issues currently observed relating to end of life tyres.

Reference Figure 2 Brand Owners as First Importers.

Figure 2- Brand Owners as First Importers



### 3.3.1 Scheme Guiding Principles

Guiding principles have been developed for the proposed scheme. The guiding principles are those that the working group deemed necessary to ensure collaborative efforts with all stakeholders to enable success of the scheme. The guiding principles uphold and promote the programme design options.

| | | | | |
|---|---|---|---|---|
| **Mission** | Improving the value for end of life tyres in cost effective and environmentally sound ways | | | |
| **Guiding principles** | **Collaborative** | **Economically Effective** | **Environmentally Sound** | **Best Practice** |
| **Scheme design options to enable guiding principles to be achieved** | • The scheme is governed by representatives on behalf of all stakeholders<br>• All stakeholders in the product life cycle are involved and have clear responsibilities<br>• Partnerships are encouraged<br>• Communities are engaged via education and/or participation<br>• Outcomes of the scheme are shared with wider society | • Scheme is self funding by a fair levy, which will reduce as markets and value for tyre derived products increase<br>• Compliance costs to consumers are minimised<br>• ELTs are recognized as a valuable secondary resource with end uses that are incentivised to maximise positive outcomes<br>• Avoid costs of disposal (landfill or illegal dumping) by maximising waste reduction and waste diversion (reuse, recycling & recovery);<br>• Supports NZ's "clean" green reputation and access to trade opportunities | • Minimise health, safety, environmental and social impacts throughout the tyre recovery "life cycle";<br>• Reduce need for virgin raw materials by maximising waste reduction and waste diversion (reuse, recycling, & recovery);<br>• Reduce environmental impacts of toxic air emissions and leachate caused by tyre fires, illegal dumping and incorrect storage of tyres<br>• Recognise and certify processes that contribute to a reduction in New Zealand's green house gas emissions | • The scheme is designed for a New Zealand context while learning from international experience<br>• The scheme is credible and auditable to relevant standards (e.g. ISO14001 and PS accreditation)<br>• The structure and funding of the scheme is well defined and transparent<br>• All processes are clearly documented and subject to periodic review and improvement<br>• Programme participants are measured to agreed criteria: positive results are rewarded and non-sanctioned activity carries consequences<br>• Investment is made in R&D to improve outcomes and efficiency |

### 3.3.2 Tyres within Scope of the Scheme

Objectives of the scheme:

- Develop solutions and new markets for tyre derived products locally;
- Reduce the export of whole tyres or tyre derived fuel to unverified end use; and,
- Implement a manifest tracking system and reporting obligations for all parties who are eligible to receive incentives.

Included:

- All pneumatic and solid fill tyres, including off the road (OTR), casings for retread and aircraft tyres

Excluded:

- Tyres on bicycles, toys, wheel chairs, mobility scooters, wheel barrows and other non-motorised equipment.
- Tyre Buffings, as there is already a developed market for this by-product from retread operations.

For the purpose of this document, tyres include tyres for motorbike, passenger, light and medium commercials, truck, bus, off road, and aircraft. This data was captured from NZTA and Statistics NZ.

| CONVERSION FROM UNITS TO EQUIVALENT PASSENGER UNITS (EPUs) & TONNES | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Category | Quantity Loose Tyres | Quantity Tyres on vehicles | Total Units | Avg Weight New Tyre | EPU = (Avg Weight/9.5 | Total EPU = Total Units x EPU | Total Tonnes (EPU x 9.5kg) - new tyre weight | Total Tonnes ELTs (84% of New Tyre weight or 8kg) |
| Off road ATV | 29,730 | 3,232 | 32,962 | 3 | 0.3 | 10,409 | 99 | 83 |
| Motorbike | 138,916 | 20,076 | 158,992 | 4.75 | 0.5 | 79,496 | 755 | 634 |
| Passenger | 3,070,789 | 841,383 | 3,912,172 | 9.5 | 1.0 | 3,912,172 | 37,166 | 31,219 |
| Aircraft | 3,997 | | 3,997 | 18 | 1.9 | 7,573 | 72 | 60 |
| Light commercials/industrial | 314,693 | | 314,693 | 19 | 2.0 | 629,386 | 5,979 | 5,023 |
| Tractors - small | 17,464 | 5,428 | 22,892 | 25 | 2.6 | 60,242 | 572 | 481 |
| Solid industrial (forklift) | 76,476 | | 76,476 | 34 | 3.6 | 273,704 | 2,600 | 2,184 |
| Off Road (forestry) | 68,951 | 628 | 69,579 | 42 | 4.4 | 307,612 | 2,922 | 2,455 |
| Truck, Bus | 232,062 | 237,676 | 469,738 | 40 | 4.2 | 1,977,844 | 18,790 | 15,783 |
| Construction/Industrial | 12,034 | 5,856 | 17,890 | 48 | 5.1 | 90,392 | 859 | 721 |
| Tractors - large | 12,551 | 5,428 | 17,979 | 77 | 8.1 | 145,725 | 1,384 | 1,163 |
| Off Road (graders) | 80 | 148 | 228 | 220 | 23.2 | 5,280 | 50 | 42 |
| Off road (earthmovers) | 4,088 | | 4,088 | 601 | 63.3 | 258,620 | 2,457 | 2,064 |
| | **3,981,831** | **1,119,855** | **5,101,686** | | | **7,758,455** | **73,705** | **61,912** |
| | | | | | TOTAL TYRES | TOTAL EPU | TOTAL TONNES | TOTAL TONNES |

*Table 3: Conversion to EPU*

Table 3 above shows the category of tyres and their average weight per category. The banding is sufficient to enable a category to be assigned for collection of a Tyrewise Fee/Advanced Disposal Deposit, and this allows an Equivalent Passenger Unit (EPU) ratio to be determined with one EPU equal to 9.5kg.

Total EPUs are estimated at **7.7 million**, which corresponds to **62,000 tonnes of ELTs**.

### 3.3.3 What is possible with legislative support?

The working group has made recommendations about what regulatory support they consider would be required for a successful mandatory scheme.

The working group recognises the enactment of regulatory support would result in increased supply of ELTs through the supply chain and therefore demand of TDPs by end use markets needs to be met by increased processing capacity. This requires investment in infrastructure and resources by the public and private sector. Accordingly, a staged approach has been planned for and is addressed further in the Section 3.4.4 and 3.4.6.

Recommended regulatory support could include (but not be limited to):

- Declaration of tyres as a priority product under the WMA 2008
- Setting and Collection of Tyrewise Fee/Advanced Disposal Deposit and any legislative changes required as a result
- Landfill bans or restrictions on tyre disposal be enacted as tyre processing infrastructure improves
- Labelling requirements for products (e.g. goods sold which have had an incentive applied to them)
- Amendments to Government procurement policies, allowing or incentivising use of tyre-derived product with comparable performance and cost to virgin materials.

### 3.3.4 Economic Costs and Benefits

Economic cost and benefits were measured from the perspective of society as a whole for comparative purposes. Where possible these have been monetized and discounted to convert them to their net present value (NPV). To do this a number of key estimates and assumptions were made.

It is important to note that only Mandatory Product Stewardship / Priority Product Scenarios were evaluated as voluntary approaches were considered to be ineffective in addressing the identified market failure.

| | **Assumption Type** | **Base Case** status quo | **Preferred Scenario** Mandatory Stewardship, fee collected by customs and NZTA | **Alternative Scenario** Importers of loose tyres and vehicles declare to PSO |
|---|---|---|---|---|
| **General** | Base year for data collection | 2011 | | |
| | Evaluation period | 10 years | | |
| | Discount Rate | 3.91% | | |
| **Projections (per annum)** | Quantities of ELTs available | 62,000 tonnes, reducing by 1% annually | 62,000 tonnes, reducing by 1% annually | 62,000 tonnes, reducing by 1% annually |
| | Recycling Rates | 18,000 tonnes/yr 29% | 51,000 tonnes/yr 95% (Year 5) | 29,000 tonnes/yr 5% (Year 5) |
| | Land filling/Export: | 38,000 tonnes | 3,000 tonnes | 21,000 tonnes |
| | Illegal Dumping. | 3000 tonnes | 0 tonnes | 300 tonnes |
| | Tyre Fires | 4 fires per year | 3 fires per year | 3 fires per year |
| **Cost Assumptions (over 10 years of CBA Analysis)** | Disposal Fees/ Tyrewise Fee/Advanced Disposal Deposit | $23 million (**CURRENTLY BEING CHARGED** based on current fee range for passenger tyre between $2.50 and $7.00) | $43 million (Yr1) to $14 million (Yr10) (based on proposed fee passenger tyre between $5.50 on a decreasing basis) | $32 million (Yr1) to $14 million (Yr10) (based on proposed fee passenger tyre between $5.50 on a decreasing basis) |
| | Government Costs | $0 | $3.2 million | $4.8 million |
| | Business Cost | $0 | $47 million | $69 million |
| | Illegal Dumping (orphan tyres) | $16 million | $0 | $0 |
| | Tyre Fires | $12 million | See benefit assumption | See benefit assumption |
| | Landfill stability leachate issues | Not quantified | Not quantified | Not quantified |
| | Public Health (mosquito borne disease) | Discussed but not quantified | Discussed but not quantified | Discussed but not quantified |
| | NZ 100% Pure Brand | 0.1% drop = $12.2 million | brand maintained | brand maintained |

| | Assumption Type | Base Case<br>status quo | Preferred Scenario<br>Mandatory Stewardship, fee collected by customs and NZTA | Alternative Scenario<br>Importers of loose tyres and vehicles declare to PSO |
|---|---|---|---|---|
| **Benefit Assumptions** | Market value of resources | $40 million | $83 million | $55 million |
| | New industry and employment | $0 | $207 million | $162 million |
| | Benefits of tyre derived fuel | $0 TDF not in use | $42 million | $42 million |
| | Benefits of rubber asphalt | $0<br>Rubber roads not in use | $3.2 million<br>Further benefits tbc by new project | $3.2 million per yr<br>Further benefits tbc by new project |
| | Avoided costs illegal dumping | n/a | $16 million | $14 million |
| | Avoided costs tyre fires | n/a | $3 million | $3 million |
| | Avoided landfills operating cost | n/a | $24 million | $5 million |
| | Avoided cost public health liability – legacy tyres | n/a | Not quantified | Not quantified |
| | Avoided cost to NZ's brand, tourism and export industries | n/a | | |
| Net Present Value (NPV) | | -$89 million | $36 million | -$18 million |

Table 4 – Overview of Cost Benefit Analysis

Under the base case (status quo) scenario households and business are commonly charged a tyre disposal fee between **$2.50 and $7.00** for a **passenger tyre** when they purchase replacement tyres from a tyre retailer. This is common industry practice although some consumers may be unaware this charge is included in the purchase price of their replacement tyres. This fee cannot currently be linked to comprehensive or appropriate tyre disposal.

In the proposed product stewardship scheme the Tyrewise Fee/Advanced Disposal Deposit of **$5.50 per EPU** would be collected by Customs when a loose tyre enters the country and by the New Zealand Transport Authority when a vehicle is first registered in New Zealand. The fee level is based on the estimated cost to effectively capture ELTs and keep track of their destination. The proposed fee would be captured on **all** tyres entering New Zealand. This means the Tyrewise Fee/Advanced Disposal Deposit will be captured on a greater number of tyres than in the base case scenario, as it includes the 20% of tyres that enter the country fitted to vehicles as well as non-passenger tyres. The consumer will continue to bear the cost, as it will be passed on from the importer in the price of tyres and included in the vehicle registration costs for tyres fitted to vehicles. Refer Figure 2 – Brand Owner as First Importer.

A Tyrewise Fee/Advanced Disposal Deposit would be placed on:

- Loose tyres collected at the first point of import, either by Customs on behalf (the preferred method) or by and based on sales declarations from first importers.
- Tyres fitted to vehicles charged at first point of registration, and become part of the initial on road costs and be collected by NZTA.
- Casings that are imported for retread operations .

The Tyrewise Fee/Advanced Disposal Deposit would be used for:

- Administration: The management of the programme and associated administration functions; including Consumer/Industry education. The initial programme budget will have funding for a comprehensive public/retailer education campaign.
- Collection Sites: The Collection Site is paid a monthly/quarterly service fee for acting as a public collection site – sites would be selected regionally to ensure that there is a nationwide aggregation / collection network.
- Supply Chain Incentives - as described below:
- Regional fund for remote locations: A discretionary fund to enable ELTs from remote locations to be collected and delivered to Registered Processors recognising that there are additional costs to service outlying regions. Payable to Registered Processors on application and fulfilment of appropriate criteria. An example of which could be funding to invest in equipment to minimise the size of OTR tyres to create transport efficiency from remote locations such as the West Coast of the South Island.
- Research and Development: A "by application" fund designed to facilitate Research and Development into ELT processing and end use market development – this may include but not be limited to investigating OTR collection and processing.
- Legacy Tyres: "Stockpiled Tyres with an owner / responsible person." Funding for ELTs that are still owned by a person or business that no longer require the tyres for the purpose they were intended for.

  Depending upon volume, large volumes of Legacy Tyres will not be accepted at Collection Sites for at least the first 12 months of operation. This is to ensure the programme can build funds and/or secure further funding to be able to run a national amnesty. The national amnesty when undertaken will be run on a regional basis.
- Orphan Tyres: "No Owner" Funding for ELTs that are dumped on public or private property. Managed on a regional basis in conjunction with local government etc – dependent upon robustness of collection network in area.
- Community Grants: to help create demand for the use of Tyre Derived Products (TDPs) in a variety of end use applications.

As proposed the Tyrewise Fee/Advanced Disposal Deposit would apply across all vehicle users and type of pneumatic tyres. It would be fairly applied to all consumers of tyres and would be transparent, unlike the current disposal costs.

It is estimated that the cost of the Tyrewise Fee/Advanced Disposal Deposit to households and businesses under the **preferred scenario is $43 million** in year one of a scheme, compared to an estimated $23 million already being paid in the status quo. This preferred scenario cost is based on a $5.50 per EPU fee in year one of the preferred scheme, **and includes provision for full subsidy of transport costs via the transport incentive which has been proposed for years 1-3**. The Tyrewise Fee/Advanced Disposal Deposit would be expected to reduce over the ten year period as the markets for tyre derived products develop and the need for supply chain incentives decrease.

"$207 million from the Tyrewise Fee directly translates into economic benefits for society including investment in a new ELT recycling industry, increased employment and export opportunities"

Over the ten year period of this analysis it is estimated that the total costs borne by the households and businesses under the preferred scenario for Tyrewise disposal fees is $278 Million. Over the ten year period the Tyrewise fee costs ($278m) are comparable with the current disposal costs ($237M), but $207 Million from the Tyrewise Fee directly translates into economic benefits for society including investment in a new ELT recycling industry, increased employment and export opportunities.

In addition it will bring international environmental reputation and branding benefits that are not available under the base case scenario. It is assumed that all costs to administer and operate the Tyrewise scheme under the preferred scenario would be covered by the Tyrewise Fee/Advanced Disposal Deposit. There would be no additional costs to the householder.

### 3.3.5 Explanation of Incentives

**At launch of the scheme it is likely there will be limitations on the types of processing and end uses for TDPs.** As Tyrewise Scoping Report 2 - *Investigation into alternative uses for end of life tyres in New Zealand and internationally* noted there are a multitude of tyre processing types as well as TDP end use options available internationally. Internationally, incentives have been used to encourage investment more rapidly than what might occur if the market was left to fund this infrastructure itself. The working group also recognises that right now current providers of services in the ELT market already meet the proposed PSO standards and would be ready to undertake work in the implementation phase.

Therefore the working group have recommended a "push and pull" model which places incentives throughout the supply chain. The purpose is twofold - to incentivise those registered participants within the scheme to meet the standards and criteria established by the PSO, and secondly to help generate demand for products created from ELTs by Manufacturers/End Users for both existing and new activities as well as a replacement for currently used raw materials.

The objective of the incentive payment process is simple, clear, transparent and auditable, economically viable and reviewed at least annually by the PSO and the programme manager.

**Role of Incentives in the Implementation Phase (from Year 0)**

Incentive payments are one area of the programme **where in its development and immediately post launch phase** a significant level of administrative interaction between all parties will be required.

The high level of interaction is to ensure that the process meets the objectives of being clear, transparent, auditable and ultimately weighted towards end use. It also reflects a programme design which takes into account the New Zealand context and current market failures.

The proposed "push and pull" model has taken into account the working groups recommendation for potential incentive payments to:

- Product Manufacturers/End Users using material from processed ELTs as a raw material
- Processors that transform the ELT into a raw material for further processing
- Transporters paid an incentive which takes into account the weight of ELTs carried (both whole ELTs or already part processed) and distance travelled
- Collection points paid a monthly/quarterly service fee based on a sliding scale

The value of the incentives paid to processors and manufacturers will be determined by the type of product they derive from the ELT. The PSO will set incentives that take into account the beneficial end use of the ELT as well as the ranking developed by the Tyrewise working group.

**It is expected that the situation regarding available end uses will change rapidly over the first 5 years from scheme launch.** These alternative uses do not all currently exist commercially in New Zealand. However, the initial incentive structure proposed for the early years of the programme with increasing emphasis on rewarding demand pull is designed to address this situation early in the scheme.

As additional technology or innovation occurs which enables new or different types of processing the PSO would be required to assess these new uses as part of the registration process. The PSO will have a documented procedure for the review of new technology or innovations.

The PSO would be responsible for the ongoing review of the hierarchy and is tasked with ensuring the hierarchy is reflective of industry developments and any scoring adjustments take place

**IMPORTANT NOTE**

The working group support a structured staged approach to the application of incentives.

It is expected in the implementation phase there would be incentives throughout the supply chain which is referred to as a "Push and pull model". Year 4+ would work towards becoming a "Pull" only model with incentives weighted towards the demand end.

The goal is to firstly address market failure, then reduce and then ultimately remove incentives by encouraging cost efficiencies and end use value growth with incentives being paid to:

- Registered collection points (retailers, garages, vehicle dismantlers, landfills, community groups etc).
- Registered transporters
- Registered processors
- Registered manufacturers using material from processed ELTs as a raw material

There are some minor differences of opinion in the Working group about exactly at which point incentives would reduce for the transport subsidy. This is from its initial starting point of subsidising 100% of transport costs to the end goal of only being placed at the processing and end use part of the supply chain. For example the Tyre Importers/Distributors and AA (for example) do not favour a "forever levy" being imposed on consumers which subsidises all interactions in the supply chain. NZTRACA on the other hand, who represent recyclers and collectors favour the transport incentive remaining in place for a longer period.

The incentive payment process would be reviewed at least annually and be a transparent documented process. Initially an incentive may be payable for export of tyres or tyre derived fuel to verified markets, but this is not expected to be a long term outcome.

### 3.3.6 Proposed Scheme Commencement Timeline

Financial modelling for the preferred option indicates that some funds are required to implement the programme prior to the official launch (referred to as "short term" or Year -2 and -1 of the scheme). This is made up of:

| | |
|---|---|
| $0.7Million | anticipated Government costs of the scheme (Customs & NZTA System Changes) some assumptions have been made as to these costs and based on best estimates from these agencies |
| $0.9Million | to develop/customise waste tracking software, fund hardware and technical services, develop communication resources in preparation for launch day, develop and implement processes and systems including registration of participants, incentive reviews and stakeholder registration with the scheme |
| $4.7Million | to resource a research and development fund that supports capability building ventures for the first 2 years after declaration of priority product which will **substantially assist with demand pull through** to ensure scheme can come to capacity as quickly as possible |
| **$6.3Million** | **Total required to implement the scheme** |

Short term means from point of declaration for the first 24 months until the full Tyrewise Fee/Advanced Disposal Deposit is charged at the commencement of the 25th month. This covers the Programme Development and Start up costs (arbitrarily from mid 2013 to mid 2015) which include:

- Legal and accounting services
- Charitable trust incorporation, appoint trustees, formalise contract, roles and responsibilities
- Appoint programme manager (tender and selection process)
- Appoint independent fund administrator
- Hardware and Technical Services Costs
- IT and Data management
- Development/Customisation of Waste Tracking Software
- Communication and advertising
- Education and public awareness campaign - public road show, advertising, events
- Training materials - resource pack for collection sites, web seminars
- Industry Consultation
- Consulting with councils, industry and general public
- Stakeholder identification
- Registration of scheme participants
- Develop criteria for registration that passes the test for anti-competitive practices
- Implement process & systems
    - Create registration process for scheme participants and review/acceptance
    - Creation of programme guides for participants (importers/collection points/transporters/processors/manufacturers)
    - Create process and guide for auditing and compliance
    - Create process for Fee collection from Customs and NZTA
    - Create process for data matching verification of submitted incentive claims
    - Create process for payment of incentives/allowances to registered participants
    - Create process for refund of Fee for verified importers
    - Create process for review of Community grant, Research Fund, Orphan/Legacy funding applications
    - Create process for annual review of incentive payments, new end uses/technology

- Research & Development Fund
    - Research and Development grants On Road Tyres
    - Research and Development grants Off Road Tyres

For the short term, **and only from the point at which priority product is declared**, there are several options proposed for how these funds will be made available:

**Option 1**

Funding from the Waste Minimisation Fund for $5Million over two years with the balance of $1.3Million being covered by industry (could be funded by an increase in the wholesale price of the tyre but would have to be fair across the board to mitigate risks of free riders).

**Option 2**

Central Government provide initial monies to cover the implementation costs and that these are reimbursed by the scheme when the Tyrewise Fee/Advanced Disposal Deposit is gazetted and systems in place to collect. This is the preferred option of Goodyear Dunlop.

**Option 3**

That these funds be gathered from an initial Tyrewise Fee/Advanced Disposal Deposit of $1 per loose EPU (based on best estimate of costs) entering New Zealand. This could be funded by an increase in the wholesale price of the tyre. This would require a 100% commitment by way of contract from all companies and individuals importing tyres where annual volume was greater than 500 EPU per annum excluding OTR Tyres.

These importers would need to be identified and a contract signed (probably managed by Auto Stewardship New Zealand) to ensure individual data was protected, and a mechanism in place to independently verify volumes were accurate.

An independent funds manager that offers full accountability and transparency regarding use of the funds would be put in place.

## WORKING GROUP CONCERNS:

The ability for free rider behaviour or for parties to "opt out" of their responsibilities is a concern for Bridgestone, Goodyear/Dunlop and Value Tyres and the risk that without a gazetted fee in place, some participants will share the financial costs for others.

That the consumer may pay for the cost of the implementation period as a result of potential increases in wholesale price of the tyre as there will not be a mechanism whereby the current disposal fees charged by retailers (as opposed to wholesalers) can be reduced/removed in this implementation phase.

That if Auto Stewardship New Zealand was to undertake the contractual arrangements and collect this initial lower fee, it would have significantly increased administration costs (in the order of $0.4Million) to set up for and administer this level of interaction for the implementation phase.

| TIMELINE<br>*# OF DAYS* | MILESTONE ACTIONS<br>*(Assumes preferred model adopted)* | FUNDING |
|---|---|---|
| Results of WMF20098 Project "Investigation & proposed options & development of a scheme" | • Information required by the Minister for the Environment before he/she can declare priority product including obtaining advice from the Waste Advisory Board *(Section 8, WMA 2008)*<br>• Understanding regulations that may or may not be made in relation to products *(Section 23, WMA 2008)* [1] | |
| Government timeframe unknown | • Priority Product declared *(Section 9 WMA2008) assumes all actions leading up to that have taken place and no material changes to preferred model* | Nil |
| Declaration + 730 days (Year 1 & 2)<br><br>**Implementation Phase commences** | **Trigger:** Priority Product Declared<br><br>• ASNZ PSO structure changes<br>• Tender let for Programme Manager and contract in place<br>• All implementation activities undertaken include consumer education (implement launch plan)<br>• Providers of service that already meet the accreditation code of practice have already commenced<br>• A funding mechanism is in place to fund costs from implementation until scheme at full capacity (or day 731). | • By day 365 a fund in the order of $3 Million available to cover implementation costs including any Government costs charged to PSO<br>• Initial R&D investment fund is starting to build up by Y2<br>• Expectation that funds would commence flowing into the PSO at the end of each declaration period.<br><br>*Bridgestone, Goodyear/Dunlop & Value Tyres represent majority of new and used tyre market) for loose tyres* |
| Government timeframe unknown | • Regulations passed Customs / NZTA ready to commence any database/fee collection actions<br>• Mandatory PSO accredited (as per WMA) | |
| 731 days + (Year 3)<br><br>**Recovery rate by now could be as high as 92%** | **Trigger:** Tyrewise Fee/Advanced Disposal Deposit of $5.50 (proposed) per EPU has been regulated by Government and collection systems at full capability<br><br>• Collection site network progressively open to compliment the generators activity (garages etc)<br>• Investment funds in use to assist with processing / capability gaps<br>• Evidence transport network coping with demand, incentives being paid out for collection, transport and processing<br>• Network of Tyrewise accredited providers already picking up and processing ELTs<br>• Implementation plan for legacy tyres in place and orphan tyres progressively being managed within the scheme | • Full Tyrewise Fee/Advanced Disposal Deposit now being paid on all loose tyres & tyres on vehicles within programme scope<br>• Substantial R&D Fund<br>• Regional Funds in place to ensure tyres in remote locations / difficult to handle are being processed |
| **1,095 days from Priority Product declaration - Business as usual - Heading to 95% recovery rate** | | |

Table 5 – Timeline

[1] Such as Controls on disposal, manufacture or sale; take back services, fees or refundable deposits; labelling of products; quality standards for reuse, recycling or recovery; collection and provision of information. Reference WMA2008 Section 23

### 3.3.7 Increasing Risk from Stockpiling Behaviour

The volume of stockpiled tyres is unknown and there is anecdotal evidence that this is a growing problem.

We do know that there are;

- ELTs that are no longer required left on farms, eg conversion from silage pits to baled silage wrap;
- ELTs on business property. Through the Tyrewise project we have become aware of a number of different industries that have stockpiled tyres, this is not limited to just agriculture but includes forestry, mining, scrap metal yards as well as others.
- ELT recyclers stockpiling ELTs either for future processing or they have yet to implement the processing equipment;
- Failed processors who have procured ELTs but are unable to do anything with them;
- And that some individuals/businesses are stockpiling tyres with the view that they will have a value upon implementation of the mandatory stewardship scheme.

There is no visibility on the actual size and scale of the problem that will face New Zealand in the future. As in some cases the stockpiling of ELTs breaches regional bylaws accurate information has been difficult to compile. It is further compounded by increasing restrictions on the import into Asia of Tyres from Australia and New Zealand.

An application for funding an investigative study to ascertain the size and scale of the problem of stockpiled ELTs in New Zealand has recently been lodged. If successful, the findings of this investigative study will provide a better understanding of the size and scale of the problem and enable development of a strategy to be able to capture the tyres and ensure they are appropriately recycled. This ultimately reduces the volume of waste going to landfill by diverting the ELTs.

## 4.0 Summary – Completion of Milestone 7 15 August 2013

On 15 August 2013 the final milestone was delivered and this included:

### 4.1 Business Plan

A comprehensive business plan (modelled on the New Zealand Trade and Enterprise "Planning for Success Guide") covering:

- full financial and economic modelling which addresses any funding issues;
- governance for on-going management of programme;
- benchmarking against ISO 14001 Environmental Management principles;
- demonstrated transparency between funder/governance/manager/contractors;
- example monitoring, evaluation and review procedures;
- a public education programme to ensure public and business community understanding and support of the scheme.

### 4.2 Scheme Launch Preparation

A launch plan has been developed incorporating a comprehensive marketing and communications plan and this has been included with the business plan. Included in this is how to manage the interim phase between submitting of the final deliverables as a result of the WMF Funding Deed 20098 to ensure that momentum gained with industry stakeholders and the public is not lost while processes within government are undertaken.

### 4.3 Scheme Accreditation

**A Product Stewardship Accreditation Application** to the Minister for the Environment for Product Stewardship Accreditation of the End Life Tyres Product Stewardship Programme has been completed recognising that the application form is for non-priority products.

The Business Plan incorporating the launch plan and the PS Accreditation application are not public documents and are for the purpose of the product stewardship organisation (ASNZ) and the Ministry for the Environment only.

This report is available as a summary report of project events and findings. The Tyrewise website will be maintained and the stakeholder working group will continue to be informed as to progress with the Ministry for the Environment as a result of project completion.

Table 6 – Key Programme Information for Participants PRINT A3

| WHAT AM I? | WHAT DOES THIS MEAN? | DO I HAVE TO PAY? | DO I GET PAID BY TYREWISE? | ANY SMALL PRINT I SHOULD KNOW? |
|---|---|---|---|---|
| **Tyre Importer**<br> | You are an organisation which imports tyres into NZ.<br>- New tyre importers<br>- Used tyre importers (includes casings)<br>- New vehicle importers<br>- Used vehicle importers | **YES**<br>**'The Tyrewise Fee'** is captured for all tyres at the first point of importation or registration.<br>- Fee for loose tyres included in customs payments<br>- Fee for tyres on all vehicles collected by NZTA at first registration | **NO** | All importers would be mandated to contribute to an accredited stewardship scheme (such as Tyrewise) under the Waste Minimisation Act 2008 Priority Product legislation.<br><br>Importers may be able to claim rebates if the tyres they import fall outside of eligibility criteria for a stewardship programme (e.g. mobility scooter tyres). |
| **Consumer**<br> | **You are 'Joe Public'.**<br><br>When you buy new tyres you need to get rid of the old ones.<br>OR<br>You may have old tyres for other reasons that you need to get rid of. | **NO**<br><br>The cost of the programme is built into the price of all new tyres This is called **'The Tyrewise fee'.** | **NO**<br><br>You do not get any money for recycling your tyres. | Landfills will no longer accept tyres.<br><br>You must recycle your tyres via a registered collection site, or you can leave them with the company that fitted your new tyres.<br><br>AND<br><br>Any inappropriate dumping of tyres will result in fines and/or prosecution. |
| **Generator**<br> | You are either:<br><br>A tyre seller and/or fitter who takes old tyres when you sell new ones<br><br>OR<br><br>A large user of tyres & your tyres are replaced on-site | **NO**<br><br>Any tyres that you take from your customers are collected for free. | **NO**<br><br>You should not charge customers for taking their old tyres. (but remember you don't have to pay to have them collected either) | If tyres are a **Priority Product** this means that you will need to register with **Tyrewise** as a condition of selling/fitting tyres.<br><br>If you sell or fit any tyres, you MUST be prepared to take the used tyres from your customer for disposal.<br><br>These tyres can either be kept by you for collection, or taken to a **Collection Site.**<br><br>Your may be asked by **Tyrewise** to provide auditable reports on the volume of tyres that you accept. |
| **Collection Site**<br> | You are a place where **Consumers and/or Generators** can drop off unwanted tyres if they aren't purchasing new ones (such as a transfer station) | **NO**<br><br>Any tyres that you collect at your site are picked up for free. | **YES**<br><br>Collection sites are paid a nominal service fee by **Tyrewise** to act as aggregation points for tyres to be collected.<br>Payments are on a sliding scale (Very busy sites would get paid more than small sites) | You must be registered with **Tyrewise** as an approved **Collection Site.**<br><br>Your may be asked by **Tyrewise** to provide auditable reports on your collection volumes.<br><br>A **Generator** could also act as a **Collection Site** and aggregate tyres for **Customers** and other **Generators.** |
| **Transporter**<br> | You collect tyres from **Generators and/or Collection Sites** and deliver them to **Processors** | **NO**<br><br>All tyres are collected at no charge to the **Generator** or **Collection site.** | **YES**<br><br>**Tyrewise** pays you for the tyres you deliver to a **Processor.** | You must be registered with **Tyrewise** as an approved **Transporter.**<br><br>So you get paid, you must have a contractual relationship with a **Processor / Manufacturer** to accept the tyres.<br><br>Your may be asked by **Tyrewise** to provide auditable reports on your transported volumes. |
| **Processor**<br> | You **transform** the tyres in some way so that they can be put to a good end-use. | **YES**<br><br>You may pay **Transporters** to deliver the tyres you need.<br><br>(This is for you to negotiate - **Tyrewise** does not get involved.) | **YES**<br><br>In addition to money you make from selling your products, **Tyrewise** makes a payment per kg of tyres processed and supplied/sold to a **Manufacturer.**<br><br>The level of payment depends on what your tyre derived product is eventually used for. | You must provide evidence of the **Manufacturers'** end-use for the processed material in order to receive payments from **Tyrewise.**<br><br>Your reports may be subject to audit by **Tyrewise** in order to ensure the subsidy is being paid correctly. |
| **Manufacturer**<br> | You purchase tyre derived products from a **Processor** to use in your business (such as for fuel or as an ingredient for a new product).<br><br>NOTE: If you purchase whole tyres directly from a **Transporter** you would be classified as a **Processor** as well as a **Manufacturer.** | **YES**<br><br>Typically you would pay a **Processor** a market price for the products.<br><br>(This is for you to negotiate - **Tyrewise** does not get involved) | **YES**<br><br>**Tyrewise** pays you for the tyre derived product you use in manufacturing. | You will need to provide **Tyrewise** with evidence of what you use the tyre derived products for. This is because it affects the payments made to you by **Tyrewise.** |

# 5.0 Glossary

**Advance Disposal Fee (ADF)** means a fee that is charged to the originators of tyres imported to New Zealand market, either as loose tyres or as tyres fitted to vehicles.

**Autostewardship New Zealand (ASNZ)** means the product stewardship organisation

**Buffings** means rubber removed from tyre casings to prepare them for retreading or during finishing of the tyres after the retreads are applied.

**Collection Site** A Collection Site is a location where ELTs are consolidated from either members of the public or from Generators. In areas where there is only one Collection Site the collection site **must** be able to accept tyres from the public. In the case of closed landfills only Commercial Operators/Contractors with a Waste Disposal License will be allowed access.

**End of Life Tyre** means a tyre that is no longer capable of performing the function for which it was originally made.

**Environmentally sound use**

a) Means the use of end of life tyres for:
   i) Recycling into tyre crumb, shred, chips, granules, steel or other tyre components
   ii) Use as a fuel (other than in direct incineration) or other means to generate energy;
   iii) Production of tyre derived products including tyre derived fuel
   iv) Civil engineering (including the civil engineering use of tyre derived products to improve the functioning of landfill sites)
b) But excludes
   v) Disposal through dumping, landfill, incineration or burning;
   vi) Stockpiling as an end point;
   vii) Export of whole baled tyres for operations listed under b (v) and (vi)

Evidence for the environmentally sound use of end of life tyres as defined in paragraphs a (ii)-(iv) may include a copy of a written contract between relevant parties, or other evidence. Where the export of whole baled tyres is for the purpose of energy recovery under a(i), evidence will be required that this would meet NZ equivalent environmental regulations.

**Equivalent Passenger Unit (EPU)** means a standardised measure for the quantity of tyres. One EPU contains as much rubber and other materials as a 'typical/' passenger tyre. One EPU is estimated at 9.5kg.

**Generator** A Generator is a business that as a result of their operations generates tyres; these businesses can then register as a generator. A Generator is **not** required to take ELTs from the public other than as a result of providing service to their customers (i.e. if a garage). Any arrangements put in place around the volume required for a pickup or the frequency of pickups will be made between the Generator and Transporter.

**Landfill** means waste disposal sites used for the authorised deposit of solid waste on to or into land.

**Fee** means the fee that is charged to the originators of tyres imported to the New Zealand market, either as loose tyres or as tyres fitted to vehicles. Same as Advance Disposal fee.

**Legacy Tyre** Stockpiled tyres that still have an owner / responsible person.

**Manufacturer/End User** A Manufacturer/End User is a business that receipts in a product derived from an ELT that has been produced by a Processor. The Manufacturer/End User then uses this product in the manufacture of further products or in an end use.

**NZTA** New Zealand Transport Authority

**Orphan Tyre** A tyre that has been abandoned and is deemed to no longer have an owner

**OTR** Off –the-Road tyres (e.g. for farm machinery, earthmovers)

**Product Stewardship** means a 'cradle to cradle' methodology that helps reduce the environmental impact of manufactured products, where producers or manufacturers, brand owners, importers, retailers, consumers and other parties accept responsibility for the environmental effects of their products – from the time they are produced until the end of their useful life and are recycled or disposed.

**Product Stewardship Organisation (PSO)** is usually a not for profit organisation or an industry association, and is the entity designated by a producer or producers to act on their behalf to administer a product stewardship programme. It can also be referred to as a producer responsibility organisation (PRO), industry funding organisation or delegated administrative organisation.

**Processor** A Processor is a business that receipts in ELTs (either whole or partially processed) from a Transporter. The processor then transforms the ELT into either a functional end use product or a product that is sold/supplied to a Manufacturer/End User.

**Priority Products** have legislation requiring that they have a product stewardship scheme. The schemes will be compulsory rather than voluntary. The Minister for the Environment has not declared any priority products at present.

**Pull Model** A model that pulls the tyre through the supply chain with incentives focused on creating demand which facilitates the "pull" effect.

**Push/Pull Model** A model that both "pushes" and "pulls" the tyre through the supply chain with incentives placed at all points within the chain to facilitate this.

**Re-Use** means to collect a tyre for the same or similar purpose as the original purpose without subjecting the tyre to a manufacturing process that would change its physical appearance.

**Transporter** A Transporter is a transporter of ELTs (either whole or part processed) that collects from both Collection Sites and Generators and delivers these ELTs to a Processor.

**Tyre** means a vulcanised rubber product designed to be fitted to a wheel for use on, or already fitted to, motorised vehicles and non motorised trailers towed behind motorised vehicles. For the purpose of this report a 'tyre' includes but is not limited to a tyre for motorcycles, passenger cars, box trailers, caravans, light commercial vehicles, trucks and truck trailers, buses mining and earth moving vehicles, cranes, excavators, graders, farm machinery, forklifts and aircraft.

**Tyre derived aggregate (TDA)** means crumb rubber applied in rubber asphalt for roading applications or as an alternative to sand or gravel in civil engineering applications

**Tyre Derived Fuel (TDF**) is a fuel derived from end of life tyres and includes whole or shredded tyres used for this purpose

**Tyre derived product (TDP)** means any product produced from rubber, steel, textile or other material recovered from end of life tyres

**Tyre Importer** means a business or organisation that import loose tyres or import tyres that are fitted to vehicles

**Tyre Recycler** means a business or organisation recovering rubber, steel, textile and/or other materials and processing if into a form whereby it can be used as an intermediate product in the manufacture of tyre derived products.

**Tyrewise** means the product stewardship scheme name

**WMA** means the Waste Minimisation Act 2008

## 6.0 Appendices

1. Auto Stewardship New Zealand Deed
2. Interim, Initial and Future proposed PSO Structure
3. ASNZ Trustee Position Description
4. Table 7 - Hierarchy of Uses and Rankings

Dated: 10 July 2013

# Deed Of Trust

# for

# Auto Stewardship New Zealand

**This Deed** is made this 10th day of July 2013

**Parties**

**Product Stewardship Foundation**

("the Settlor")

**Mark Gilbert, David Vinsen, Kim Campbell, Kerryn Downey**

(together "the Trustees")

**Background**

A. The Settlor wishes to establish a trust ("the Trust") in New Zealand for the purposes described in clauses 4 and 5 of this Deed and to give effect to such desire are at the same time giving the Board the sum of ten dollars ($10) by way of gift to be held on the trusts set out in this Deed.

B. The Trustees have agreed to become trustees of the Trust upon the trusts and with and subject to the powers and provisions contained in this Deed.

C. The Trustees have agreed to enter into this Deed specifying the purposes of the Trust and providing for its governance and management.

**This deed witnesses**

**1. Name**

The name of the Trust shall be "Auto Stewardship New Zealand".

**2. Office**

The registered office of the Trust shall be such place as the Board of Trustees may determine from time to time. The initial registered office of the Trust shall be C/- Insight Perspective Limited, PO Box 87 274, Auckland 1742.

**3. Trust**

3.1 The Trustees acknowledge and declare that they hold the Trust Fund on trust on the terms and conditions contained in this Deed. For the purposes of this clause, 'the Trust Fund" means the sum of $10.00 given by the parties to this Deed to the Board and all other property which may be paid to or held under the control of or vested in or acquired by the Trustees for the Trust from any source on or after the date of this Deed and whether by way of gift, bequest, devise, purchase, exchange or otherwise, and the property from time to time representing the same and the income therefrom.

## 4. Purposes

The objects and purposes of the Trust, to the extent that they are charitable purposes, are to devote or apply both capital and income of the trust fund to, or for, any charitable purposes in New Zealand, which are from time to time selected by the Trustees and are valid charitable purposes. Without limiting this in any way, such purposes may include as follows:

(a) to provide the interim governance structure for a product stewardship programme in development for end of life tyres (Tyrewise) as approved by the Tyrewise Working Group (TWG) and which is the subject of a submission to the Minister for the Environment for designation of tyres as a priority product under the Waste Minimisation Act 2008. At the point at which that designation is approved it will trigger a change to the terms of this Deed and the governance structure to reflect the agreed future governance approved by TWG and as amended by agreement as a result of this designation; and

(b) to pursue every object or purpose within New Zealand which in accordance with the laws of New Zealand for the time being is charitable.

## 5. Description Of Product Stewardship

5.1 The aim of product stewardship is to reduce the environmental impact of products.

5.2 Under product stewardship a company or an industry sector takes primary responsibility for managing the environmental impacts of its products throughout their life cycle – from raw material selection to final disposal. This stewardship may also be shared with consumers, retailers, recyclers and local authorities.

5.3 The term 'extended producer responsibility' (EPR) is used in a similar way, although usually with a narrower focus on the responsibilities of producers.

5.4 Product stewardship aims to encourage producers and other parties to internalise a substantial proportion of the environmental costs arising from the final disposal of their products and packaging. Internalising involves creating schemes that help to shift the costs of managing wastes from ratepayers and taxpayers back to those who benefit from the product. This ensures the costs of wastes get considered when design, production, distribution and use decisions are made. In this way, product stewardship schemes can contribute to both a reduction in waste and to better recovery of materials from the waste stream.

5.5 In many cases producers and others will voluntarily accept responsibility for their products and undertake activity to manage the environmental impact of the product. This is often done through a variety of methods, including operating a materials recovery scheme, recycling schemes and product redesign. In other cases government can regulate aspects of product stewardship.

## 6. Members Of The Board

6.1 **Numbers**: The Board of Trustees ("the Board") shall consist of not less than three nor more than seven members. The initial members of the Board shall be the signatories to this Deed.

6.2 **Term of Trustees**: Unless otherwise specified in this Deed each member of the Board shall hold office for a term of three years, or until she or he dies, or is declared bankrupt or is convicted of an indictable offence, or shall have his or her property affairs managed under the Protection of Personal and Property Rights Act 1988 upon the grounds of lack of competency to manage those affairs, or is a "patient" as defined in s 2 of the Mental Health (Compulsory Assessment and Treatment) Act 1992, or indicates in writing that she or he wishes to resign from the Board. Any retiring member shall be eligible for re-appointment.

6.3 **Appointment of trustees**: Any appointment of Trustees shall be by notice in writing under the hand of Product Stewardship Foundation

6.4 **Termination of trusteeship**: The Board shall terminate a trustee's membership of the Board in the following circumstances.

(a) Where Product Stewardship Foundation notifies the Board in writing that it wishes to have its appointed trustee terminated

(b) Where the trigger point as outlined in Clause 4(a) requires a change in the makeup of trustees

## 7. Powers

7.1 **General and specific powers**: In addition to the powers implied by the general law of New Zealand or contained in the Trustee Act 1956 or the Charitable Trusts Act 1957, the powers which the Board may exercise in order to carry out the Trust's charitable purposes are set out in Schedule 1.

7.2 **Advisory Groups**: The Board is expressly empowered to appoint advisory groups to provide advice to the Trust upon any terms of reference as the Trustees see fit. On establishment an advisory group shall be appointed for Tyrewise.

## 8. Income To Be Applied To Charitable Purposes

8.1 **Application**: Any surplus income in the discretion of the Board shall be applied to the charitable purposes of the Trust.

## 9. Proceedings Of The Board

9.1 **Proceedings of the Board**: Proceedings of the Board shall be regulated in accordance with the provisions contained in Schedule 2. The Trustees shall have the power to amend the provisions in Schedule 2, whether in whole or in part, in accordance with clause 13.1.

9.2 **Interested Trustee may vote**: A Trustee who is interested in a transaction entered into, or to be entered into, by the Trust, may:

vote on a matter relating to the transaction;

attend a meeting of Trustees at which a matter relating to the transaction arises and be included among the Trustees present at the meeting for a purpose of a quorum;

sign a document relating to the transaction on behalf of the Trust; and

do any other thing in his or her capacity as a Trustee in relation to the transaction,

as if the Trustee were not interested in the transaction.

9.3 **Remuneration to be authorised by the Board**: The Board may authorise the payment of remuneration to a Trustee for services as a Trustee provided that such remuneration is reasonable and does not exceed the industry standard rates of remuneration for trustees of similar trusts; and may authorise reimbursement to Trustees for reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as a Trustee.

9.4 **Insurance**: The Trust may with the prior approval of the Board, effect insurance for a Trustee in respect of:

liability, not being criminal liability, for any act or omission in his or her capacity as a Trustee;

costs incurred by that Trustee in defending or settling any claim or proceeding relating to any such liability; or

costs incurred by that Trustee in defending any criminal proceedings:

(i) that have been brought against the Trustee in relation to any act or omission in his or her capacity as a Trustee or employee; and

(ii) in which he or she is acquitted.

(d) The Trustees who vote in favour of authorising the effecting of insurance under paragraph (a) of this clause must sign a certificate stating that, in their opinion, the cost of effecting the insurance is fair to the Trust.

9.5 **Limited liability**: No Trustee is liable for any loss not attributable to his or her own dishonesty or to the wilful commission by that Trustee of any act known by him or her to be breach of trust.

9.6 **Indemnity**: Every Trustee:

is absolutely indemnified out of the Trust Fund for all liabilities incurred by that Trustee in the exercise or attempted exercise of any trust, power, authority or discretion vested in the Trustees; and

has a lien on and may use moneys forming part of the Trust Fund for this indemnity.

9.7 **Proceedings against co-Trustees**: No Trustee is bound to take any proceedings against any other Trustee for any breach or alleged breach of trust committed by that Trustee.

9.8 **Appointment of Advisory Committees**: The Trustees may form advisory committees of interested parties specific to product stewardship programmes; their advice to be sought on an ongoing basis as to the performance, improvements to form and participation and the future of those programmes.

## 10. Accounts

10.1 **True and fair accounts**: The Board shall keep true and fair accounts of all money received and expended.

10.2 **No private pecuniary profit**: No private pecuniary profit shall be made by any person from the Trust, except that:

any Trustee may receive full reimbursement for all expenses properly incurred by that Trustee in connection with the affairs of the Trust;

the Trust may pay reasonable and proper remuneration to any officer or servant of the Trust (whether a Trustee or not) in return for services actually rendered to the Trust;

any Trustee may be paid all usual professional, business or trade charges for services rendered, time expended and all acts done by that Trustee or by any firm or entity of which that Trustee is a member, employee or associate in connection with the affairs of the Trust;

any Trustee may retain any remuneration properly payable to that Trustee by any company or undertaking with which the Trust may be in any way concerned or involved for which that Trustee has acted in any capacity whatsoever, notwithstanding that the Trustee's connection with that company or undertaking is in any way attributable to that Trustee's connection with the Trust.

10.3 **Trustees to comply with restrictions**: The Trustees, in determining all reimbursements, remuneration and charges payable in terms of this clause shall ensure that the restrictions imposed by the following clause are strictly observed.

10.4 **Recipients not to influence benefits**: Notwithstanding anything contained or implied in this Deed, any person who is:

a Trustee of the Trust; or

a shareholder or director of any company carrying on any business of the Trust; or

a settlor or trustee of any trust which is a shareholder of any company carrying on any business of the Trust; or

an associated person (as defined by the Income Tax Act 1994) of any such settlor, trustee, shareholder or director referred to in paragraphs (a) to (c) above,

shall not by virtue of that capacity in any way (whether directly or indirectly) determine, or materially influence in any way the determination of the nature or the amount of any benefit, advantage or income or the circumstances in which it is or is to be received, gained, achieved, afforded or derived by that person.

10.5 **Professional account and influence**: A person who, in the course of, and as part of, the carrying on of his or her business of a professional public practice shall not, by reason only of his or her rendering professional services to the Trust or to any company by which any business of the Trust is carried on, be in breach of this clause.

10.6 **Audit**: The Board shall, if required by any applicable legislation or if the Board so determines, cause the accounts of the Board for that financial year to be audited as soon as practicable after the end of every financial year by an accountant appointed for that purpose and the audited accounts shall be made available to the public.

10.7 **Bank accounts**: The Board shall open an account or accounts with one or more trading banks operating within New Zealand and all cheques or other negotiable instruments drawn upon such bank or banks shall be signed by such person or persons as the Board shall from time to time determine.

## 11. Power To Delegate

11.1 **Power to delegate**: The Board may, from time to time, appoint any committee and may delegate any of its powers and duties to any such committee or to any person, and the committee or person, as the case may be, may without confirmation by the Board exercise or perform the delegated powers or duties in like manner and with the same effect as the Board could itself have exercised or performed them.

11.2 **Delegate bound**: Any committee or person to whom the Board has delegated powers or duties shall be bound by the charitable terms of the Trust.

11.3 **Delegation revocable**: Every such delegation shall be revocable at will, and no such delegation shall prevent the exercise of any power or the performance of any duty by the Board.

11.4 **Delegate need not be Trustee**: It shall not be necessary that any person who is appointed to be a member of any such committee, or to whom any such delegation is made, be a member of the Board.

## 12. Common Seal

12.1 The Board shall have a common seal which shall be kept in the custody a person as shall be appointed by the Board, and shall be used only as directed by the Board. It shall be affixed to documents only in the presence of, and accompanied by the signature of, two members of the Board.

## 13. Alteration Of Deed

13.1 The Board may, by unanimous vote of the Board, by supplemental deed, make alterations or additions to the terms and provisions of this Deed, provided that no such alteration or addition shall:

detract from the exclusively charitable nature of the Trust or result in the distribution of its assets on winding up or dissolution for any purpose that is not exclusively charitable; or

be made to clauses 4, 5, 9.3, 10.2 or 13 unless it is first approved in writing by the Inland Revenue Department, Charities Commission or other relevant Government authority as the case may be.

## 14. Winding Up And Disposition Of Surplus Assets

14.1 The Trust may be wound up at any time on the passing of a resolution to wind up carried by a unanimous vote of the Trustees and voting at a meeting called for the purpose on not less than 14 days notice.

14.2 If at any time the objects of the Trust shall fail or if for any other reason the purposes hereof shall become wholly frustrated and incapable of being carried out, then and in such case the Trustees shall proceed to wind up the Trust.

14.3 Upon a winding up for any reason, the surplus assets and funds of the Trust, after payment of all liabilities, shall be applied towards such purposes in New Zealand being charitable according to the law of New Zealand as may be determined by the Trustees, or in default of their determination, as may be decided on an application to a Judge of the High Court of New Zealand.

## 15. Proper Law

15.1 This Deed and the trusts of this Deed shall be governed by and construed in accordance with the law for the time being in force in New Zealand.

In witness this Deed is duly executed.

Signed by Product Stewardship Foundation )
By Robert Bradnam )
) Trustee
)
) Trustee
)

Signed by Mark Gilbert )
) Trustee
in the presence of: )

Witnessed by: _____ (signature and name)

_____ (occupation)

_____ (address)

Signed by David Vinsen )
) Trustee
in the presence of: )

Witnessed by: _____ (signature and name)

_____ (occupation)

_____ (address)

Signed by Kim Campbell )
) Trustee
in the presence of: )

Witnessed by: _____ (signature and name)

_____ (occupation)

_____ (address)

Signed by Kerryn Downey )
) Trustee
in the presence of: )

Witnessed by: _____ (signature and name)

_____ (occupation)

_____ (address)

## Schedule 1

## Trustees' Powers

1. The powers which the Trustees may exercise (without limitation and by way of examples) in order to carry out Auto Stewardship New Zealand purposes are as follows:

   To seek, accept and receive koha, donations, subsidies, grants, endowments, gifts, legacies, bequests, cash, and any other revenue, either in money or in kind or partly in money and partly in kind, whether in local or foreign currency, for all or any of the purposes of Auto Stewardship New Zealand;

   To use as much of the funds of the Trust as the Board thinks appropriate in payment of the costs and expenses of the Trust (such costs and expenses being no greater than market rates);

   To purchase, take on lease or exchange or hire or otherwise acquire any land or personal property and any rights or privileges which the Board thinks necessary or expedient for the purpose of achieving the purposes of the Trust and to sell, exchange, bail or lease, with or without option of purchase, or in any manner dispose of any such property, rights or privileges;

   To carry on any business either directly or indirectly and whether via companies, partnerships, trading trusts or other structures;

   To invest all or any part of the Trust in any way permitted by law and in such manner and upon such terms as the Board thinks fit;

   To borrow or raise money from time to time with or without security and upon such terms as to priority and otherwise as the Board thinks fit;

   To give guarantees and indemnities, alone or with third parties;

   To lend and advance money (with or without security) or give credit to any person or organisation upon such terms and conditions and in such manner as the Trustees may determine;

   To enter into any arrangement with any Government or authority, supreme, municipal, local or otherwise that may be seen as conducive to the objects of the Trust or any of them, and to obtain from any such Government or authority any rights, privileges and concessions which the Trustees may think it desirable to obtain, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions;

   to enter into contracts of service or for services for any person, firm, corporation of body (whether incorporated or not) and to pay remuneration for services rendered as the Trustees may think fit;

to adopt such means of making known the activities and objects of the Trust as may seem expedient, and in particular, but without limiting the generality of the foregoing, by advertising in the news media, by publication of books, brochures, pamphlets, circulars and any other printed and illustrated material, by film and other means as the Trustees may from time to time determine;

To do all things as may from time to time be necessary or desirable to enable the Board to give effect to and to attain the charitable purposes of the Trust;

To employ and appoint such staff and professional advisers as the Trustees think appropriate to manage the affairs of the Trust, the cost of this to be no greater than at market rates;

To appoint any company or body corporate whether constituted in New Zealand or overseas to be a custodian trustee of the Trust or investment manager, and the provisions of sub-sections (2), (3) and (4) of section 50 of the Trustee Act 1956 shall apply to any custodian trustee so appointed;

To incorporate itself into a trust board under Part II of the Charitable Trusts Act 1957.

## Schedule 2

## Trustees' Procedural Rules

1. The Trustees shall have absolute management and entire control of the Trust property and may from time to time make such rules and regulations not being inconsistent with the general purposes and objects of the Trust and the provisions of this Deed as they may deem necessary or expedient for the management of the Trust property.

2. The Trustees may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes and every decision so made shall be final and binding on all the Trustees. In the case of equality of votes the chairman shall have a second or casting vote.

3. The quorum for meetings of Trustees shall be three.

4. The Trustees shall appoint a chairman of their meetings and determine the period for which he is to hold office, but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting the Trustees present may choose one of their number to be chairman of the meeting.

5. The Trustees may appoint a secretary, who may but need not be a Trustee, and the secretary may be appointed on such terms and conditions and with such reasonable remuneration as the Trustees consider fit. Any secretary so appointed may be removed by the Trustees.

6. The Trustees shall cause to be kept minutes of all their meetings and any minute or extract from any minute purporting to be signed by the chairman or acting chairman of the meeting at which such minute was confirmed shall be sufficient evidence without further proof of the matters therein contained.

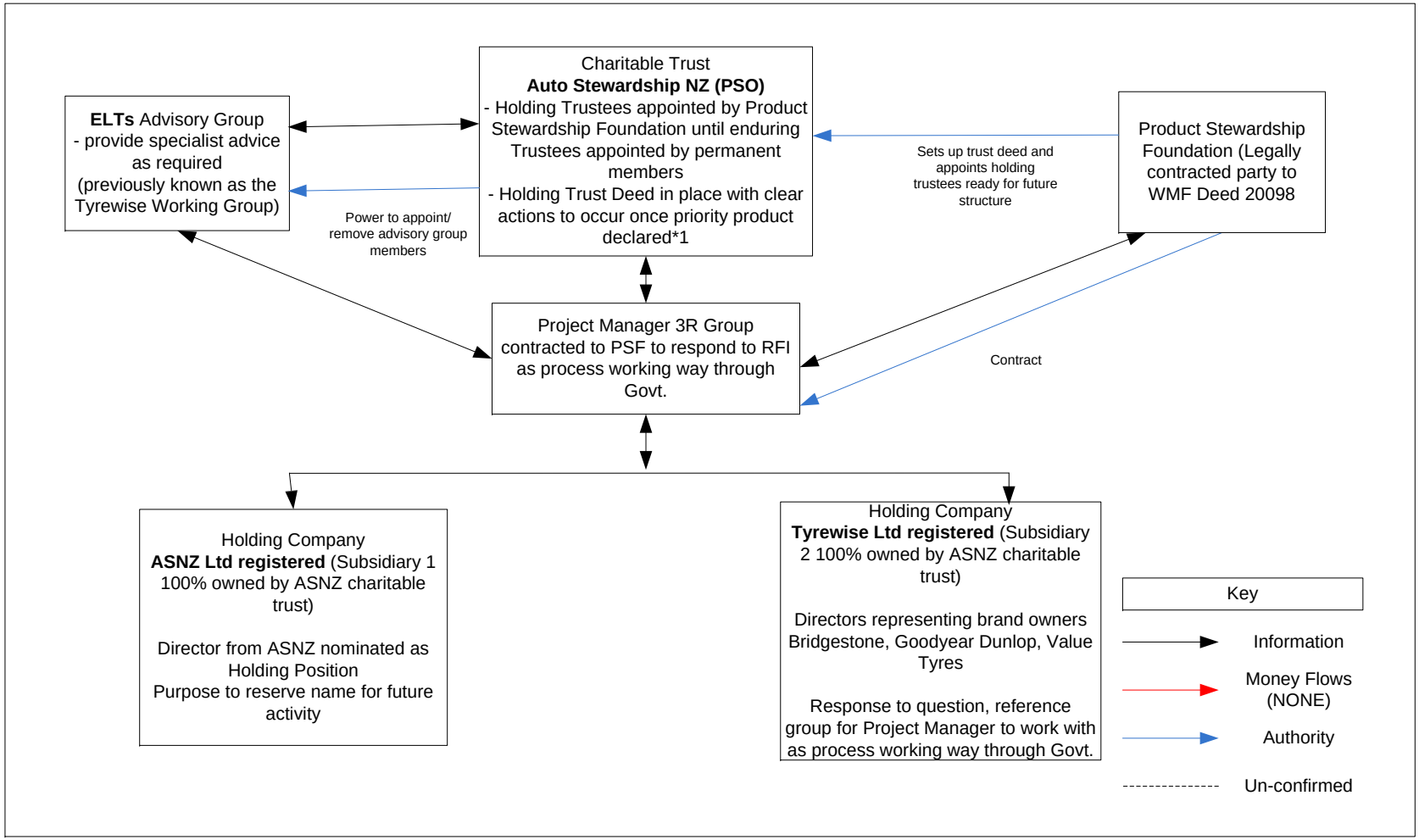
7. The Trustees shall cause proper books of account to be kept showing all assets comprising the Trust property and all moneys received and disbursed by the Trustees and shall prepare annual accounts which shall be audited by a person who shall be appointed by the Trustees as auditor.

8. The Trustees shall hold one meeting on each calendar year (except the year in which this Trust Deed is executed) which shall be called the Annual General Meeting and the accounts of the Trust shall be placed before this meeting for approval. The first Annual General Meeting shall be held within fifteen (15) months from the date hereof and each subsequent Annual General Meeting shall be held not later than fifteen (15) months after the date of the previous meeting. At least ten (10) clear days written notice of the Annual General Meeting specifying the time and place of the Annual General Meeting and the general terms of the business to be transacted thereat shall be given to the Trustees.

9. All moneys payable to the Trustees may be paid to any one of them or to any secretary, accountant or other officer appointed by the Trustees for the purpose and the receipt of such Trustee, secretary, accountant or other officer shall be a full and sufficient discharge for all moneys so payable.

**HOLDING STRUCTURE – FROM SUBMISSION OF BUSINESS PLAN AND ACCREDITATION DOCUMENTATION THROUGH TO PRIORITY PRODUCT DECLARATION TO PROVIDE GOVERNANCE STRUCTURE READY FOR SCHEME LAUNCH (Year 0)**

**ENACTMENT TRIGGER – COMPLETION OF MILESTONE 7 (FROM SUBMISSION OF BUSINESS PLAN AND ACCREDITATION DOCUMENTATION) THROUGH TO PRIORITY PRODUCT DECLARATION – FINAL PROJECT DELIVERY RELATING TO WMF FUNDING DEED 20098**



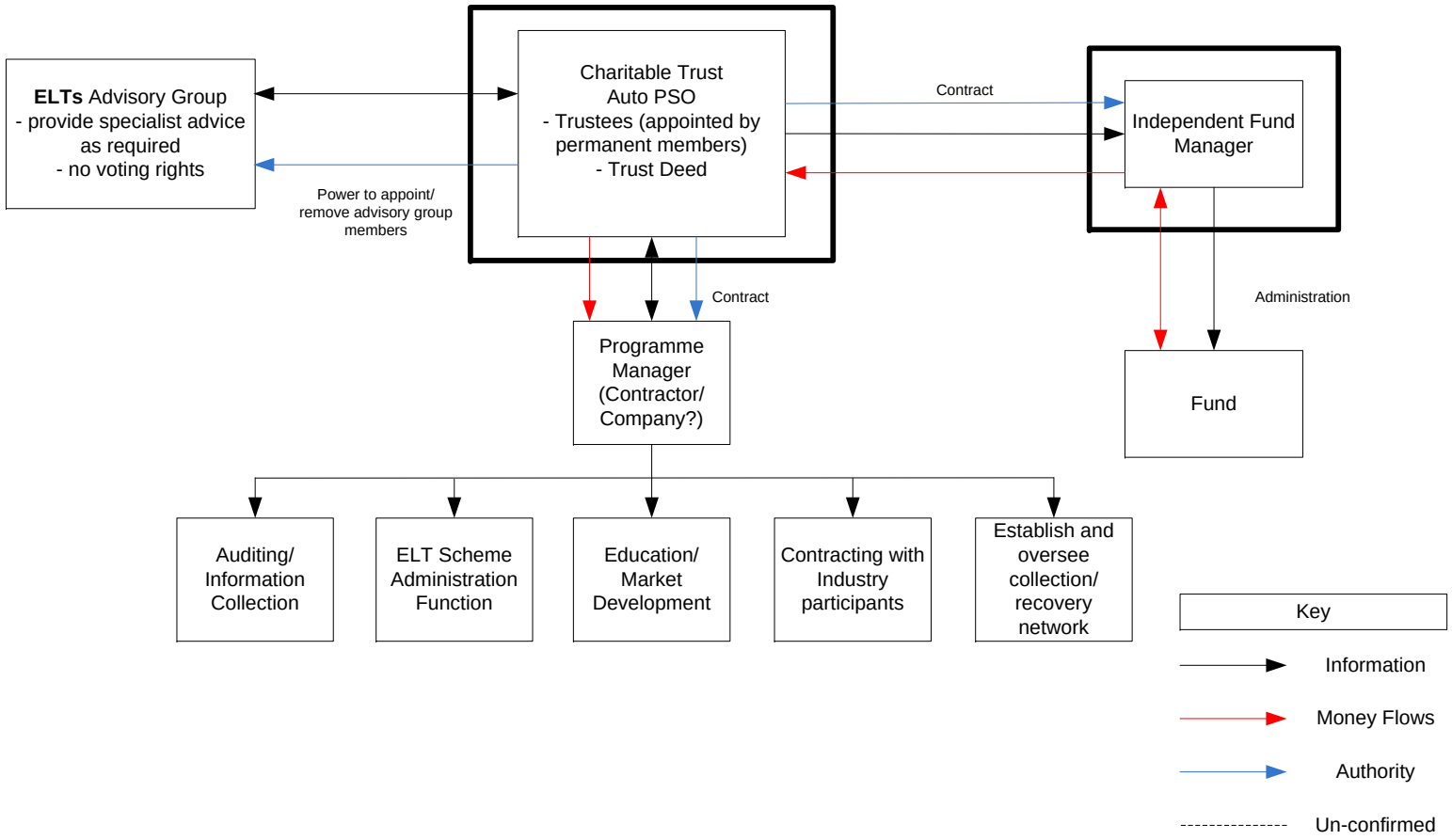

Note *1 – Actions written into the trust deed at the trigger point would be:

- Industry Trustees take their place
- Black Box structure implemented
- Tender for Programme Manager advertised and contract in place
- Advisory Group ready for scheme launch preparations

Created 02 July 2013

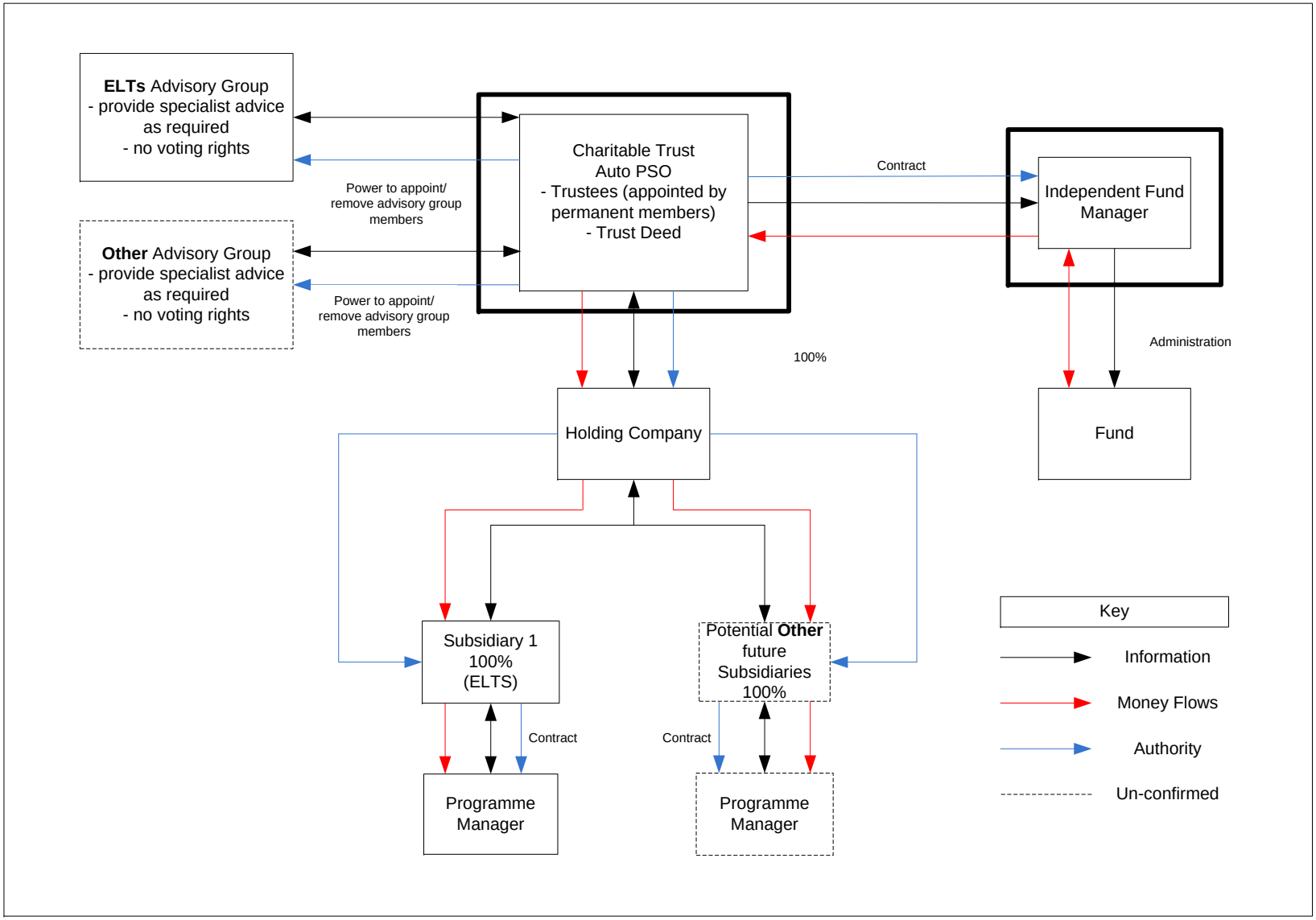
**INITIAL STRUCTURE – REFERENCE LEGAL ADVICE – PAGE 9 – AMENDMENTS AS A RESULT OF WORKING GROUP MEETING 1 MAY 2013**

**ENACTMENT TRIGGER – AT POINT PRIORITY PRODUCT IS DECLARED**




Revised 02 July 2013

**POSSIBLE FUTURE STRUCTURE – REFERENCE LEGAL ADVICE – PAGE 10 – AMENDMENTS AS A RESULT OF WORKING GROUP MEETING 1 MAY 2013**



# Establishment of Automotive Stewardship New Zealand (ASNZ)

## Board of Trustee Directors (BoD)

The ASNZ is a Product Stewardship Organisation formed to address the environmental effects of products throughout their life cycle and in particular the challenging end of life product issues in the wider auto industry. Products typically candidates for stewardship include vehicles, tyres, batteries and used oils.

The primary initial focus of ASNZ is End of Life Tyres (ELTs), or Tyre Stewardship.

In addition the auto industry organisations named below, along with relevant government agencies have already been discussing other stewardship initiatives including vehicles and the challenge of “gross polluters” within the NZ fleet and how to speed up their exit. It is expected that a work program around this will be developed. With respect to batteries and used oils these may be a watching brief and either taking an initiative or supporting other initiatives already in place by providing a collective auto industry voice for them.

The stakeholders in the auto industry will form a not for profit charitable trust. The trust’s objects will include both the holding of specific stewardship programs and the development/support of others. The balance of this document has a tyres focus because of the immediate work program at hand. That said, it needs to be understood that trustees will require collectively, a broader view to be able to address stewardship challenges across the auto industry. When programs, or initiatives, are developed into the future there are likely to be subsidiary entities to the trust which will have additional appointees with skillsets and experience relevant to the product in stewardship. The Board of Trustees (BoD) will comprise a Chair, who will be appointed by the establishment stakeholders, and up to seven (7) Trustees will be appointed on the basis of a balance of skills and experience. This will likely be achieved as follows:

- Four (4) from nominations from existing and enduring auto industry organisations e.g. NZAA, IMVIA, MTA and NZ MIA.

- Three (3) appointed from nominations received, with consideration being given to balancing the skillset around the table.

- An Advisory Trustee can be appointed by the BoD, in addition to the number of Trustees specified above, should they feel it will assist the development and effectiveness of ASNZ

The Trustees’ mission with respect to vehicles is to be responsible for ensuring vehicles and their components are recycled in cost effective and environmentally sound ways.

The Board will provide governance and oversight as one would for any functioning enterprise, and will need to develop an overall strategy, business plan and budget parameters, and is expected to become operational from 1 January 2014 or earlier as agreed.

# Role Definition of the Board of Trustees

The role of the Board of Trustees is to:

- Oversee the commercial strategy for product stewardship of vehicles and their components, with a focus on development of this business into a best-in-class operation of its kind, maximising stewardship outcomes while minimising the cost of activity and bringing both demand and supply towards equilibrium. Over time the desired outcome is to address market failure by building demand towards a competing position and drive up end of life product value to reduce or eliminate any impost from levies or fees.

- Approve the business plan, strategic initiatives, accreditation of any scheme, and budget to implement a product stewardship strategy

- Ensure funds received from fees or levies are managed with appropriate fiduciary responsibility, and develop robust policy and process around its reallocation and application.

- Appoint a qualified Program Manager(s), and establish clear and transparent reporting structures to ensure accuracy and compliance.

- Prepare financial and performance reports for product stewardship program(s), and maintain all relevant documentation.

During its establishment phase the Board of Trustees will also:

- Establish the Board's work program and operating procedures

- Review existing budget (operating and capital), resourcing, financial objectives and KPIs

- Work with the establishment stakeholders to resolve any role clarity issues that arise during the establishment of the board.

- The appointed Program Manager(s) will report to the Board for all matters within the Board's area of responsibility, and will work with the Board to co-ordinate the Board's work with wider stakeholder activities. The Program Manager(s) will be responsible for continuing to ensure the timely and cost-effective implementation of the agreed mission, and guiding principles (see attachment 1).

- Ensure governance and compliance, noting that Boards exist to ensure an entity is well run, and well governed so that the outcomes for stakeholders can be maximised and ensure any conflicts of interest are appropriately managed. Governance is about ensuring there is accountability and oversight of the organisation's operations; having a defined vision for the future of the entity; making good decisions with a clear view of the big picture; identifying opportunities; identifying risks and implementing strategies to manage them. Governance encourages the board to step back from the operational side and ensure all bases are covered in order to lay the foundations for a smooth future- good governance is about good performance, reputation, sustainability and durability.

- Focus on where the business is now → Where it is going → What is needed to get there, and finding the balance between making short-term gains and ensuring enduring outcomes for stakeholders..

**END**

# Position Description

## Trustee/Board Member, Automotive Stewardship New Zealand (ASNZ)

**Applicants:**

- Should ideally be a member of the Institute of Directors.
- Must meet the eligibility criteria for a director under the Companies Act 1993.
- May be members of the establishment stakeholders, or nominations from establishment stakeholders, but may not be a staff member of, or director of the appointed Program Manager.
- May be nominations from other industry players, but may not represent collectors, transporters or processors, or anyone that will likely benefit from ASNZ funding.

To advise, govern, oversee policy and direction, and assist with the leadership of the ASNZ. Board members will be required to set the strategic direction, establish policies, annual business plans and budgets to achieve the purposes of the Board.

**Scope of the Role:**

The Board will function like an operating business, with a broad discretion to develop and operate the business, within the strategy and financial parameters as per the agreed strategic and business plan, designed to deliver the vision.

**Timing and location of Board meetings and time commitment:**

It is intended that the Board will meet every month, for one day, in the first instance and may hold additional meetings as the occasion requires. Meetings will take place in Auckland, ideally using establishment stakeholder facilities or by audio-conference.

In addition to time in board meetings, directors need to allow time for preparatory work and travel.

**Appointment:**

Directors will be appointed by the Establishment stakeholders, and the establishment Chair.

**Term of Appointment:**

Board members will be appointed for an initial term of two years, which may be renewed.

**Remuneration:**

This position is not remunerated. The ASNZ will reimburse directors for all expenses, such as travel, which are reasonably and properly incurred.

**Conflicts of Interest:**

All Board members should be free of conflicts of interest.

**Key Tasks:**

Board members are expected to perform the following general tasks of the Board:

· develop strategies and policies for the development and administration of product stewardship programmes

· work with the Program Manager to ensure strategies, plans and financial objectives are coordinated with the ASNZ's overall strategy and plans

· develop and implement prudent policies to protect and enhance the revenue and intellectual property of Product Stewardship programs and in particular ASNZ.

**Key Competencies:**

Board members must demonstrate the following key competencies:

· prior governance experience (e.g. director, trustee)

· knowledge of and experience in the provision of professional advisory services (skills in SME growth would be highly regarded)

· commercial acumen and experience combined with strategic thinking and conceptual ability

· ability to operate effectively in a complex environment

**Personal Attribute and Skills:**

Board members must have the following personal attributes and skills:

· professionalism and integrity

· passion to contribute to best practice governance in New Zealand

· informed business judgment and common sense

· excellent communication and interpersonal skills dealing with a range of stakeholders including fellow board members, advisory groups, stakeholders, and management.

· perception and problem-solving ability.

**END**

Table 7 – Hierarchy of Uses and Ranking

| Alternative Processes for ELTs | Products within each process | Environmental | | | | | Economic | | | | | | Social Rating | Waste Hierarchy | Total Score |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Are there limitations on the types of tyres that can be processed? (Can all tyre types and/or different tyre conditions eg weathered be processed or are there restrictions ) | Will the process fulfill all the International, National and Local legislative requirements? Examples to fulfill are The Commerce Act, Basel Convention, Local Government bylaws, Resource Management Act, Health and Safety in Employment Act. | Will the process create a reduction in the use and/or import of virgin materials or products in New Zealand? | Does the process completely recycle all materials derived from the ELT? | Will (or does) the process create any environmental hazards and/or emissions whilst being undertaken? | Is there potential market demand for the end use product in New Zealand? | Is the market for the end use product viable and expected to continue in the long term? | Is the ELT market large enough to sustain the process? | Is the process self funded? I.e. revenue generated from the end use market covers the cost of procuring the ELT. | Could the processing improve existing infrastructure? Examples could be reduced transport costs, infrastructure aesthetics or amenities | Will the processing be able to be located in a geographic location that is close to a significant volume of the ELTs? | | | |
| Further use - Crumb as an additive in a product | Moulded Products, Adhesives, Artificial Turf (Sports Grounds), Sporting Arenas, Rubber Asphalt, Concrete | 5 | 4 | 5 | 3 | 3 | 5 | 5 | 5 | 2 | 4 | 5 | 7 | 20 | 73 |
| Ambient and Cryogenic material recovery | Varying sized crumbs with either an ambient or cryogenic finish. | 5 | 3 | 5 | 4 | 4 | 5 | 5 | 5 | 2 | 3 | 3 | 6 | 20 | 70 |
| Whole Tyres | Export of used tyres for reuse, Retread, Civil Engineering (Baled - Retaining Walls, Temporary Roads, Sea Embankments), Farms | 2 | 3 | 2 | 4 | 4 | 2 | 3 | 4 | 3 | 2 | 4 | 4 | 30 | 67 |
| Further use - Crumb as an end use functional product | Mulch, Gardens, Landfill Engineering, Equestrian Arenas, Civil Engineering | 5 | 3 | 3 | 3 | 5 | 3 | 3 | 5 | 2 | 1 | 5 | 4 | 20 | 62 |
| Further use – Crumb in a destructive process | TDF (Cement Works, Pulp and Paper, Power Generation, Industrial Boilers, Tyre Manufacture), Mining, Carbon and Steel Recycling (Foundries, Steel Works) | 5 | 3 | 5 | 5 | 2 | 5 | 5 | 5 | 2 | 4 | 5 | 6 | 10 | 62 |
| Further use - Crumb in a secondary process | Pyrolysis (Oil, Char - Carbon Black, Energy, Blended Diesel Fuel) | 5 | 3 | 2 | 3 | 2 | 2 | 3 | 5 | 2 | 3 | 5 | 6 | 20 | 61 |

**Note:** The hierarchy of uses and ranking will be reviewed by the PSO prior to scheme launch, to review the rapidly changing pyrolysis market and any other new technology or end uses that have come to market in New Zealand. The hierarchy and incentive payment rates will also be reviewed on annual basis once scheme is implemented.