

**Chairperson and Committee Members**  
GRANTS ALLOCATION SUB-COMMITTEE

15 MARCH 2012

Meeting Status: **Public**

Purpose of Report: For Decision

**WASTE LEVY GRANT - BUSINESS/INNOVATION**

**PURPOSE OF REPORT**

- 1 This report seeks approval for the allocation of funding under Category 4 of the Waste Levy Allocation Policy: Innovation, New Technologies and Seed Funding Contestable Fund.

**SIGNIFICANCE OF DECISION**

- 2 The recommendations in this report do not trigger the Council's Significance policy.

**BACKGROUND**

- 3 The Environment and Community Development Committee approved the Waste Levy Allocation Policy and a proposal as to how Council would spend part of Council's levy income on 22 July 2010. The Policy was updated on 1 September 2011. The Waste Levy Allocation Policy is attached to this report as **Appendix 1**.
- 4 The overall objective of the policy is:
  - *To ensure optimal and transparent allocation of the national waste levy funding to waste minimisation projects.*
  - *To increase the range, scale and number of waste minimisation activities on the Kāpiti Coast through effective use of the waste levy fund.*
- 5 In the current financial year, \$55,000 was made available for Category 4 of the Policy.
- 6 The grants availability was advertised in the Kāpiti Observer on 22 September 2011, on the Council website and on TenderLink. Expressions of Interest had to be received by Council before 3 November 2011.
- 7 Three expressions of interest were received for Category 4 funding:
  - from Barry Lucinsky (Mr Lucinsky) of Silaca Glass Crushers (in cooperation with Carbon Credits Plastics and WelTech) for the development of a new building material produced out of recycled glass and plastics;
  - from Computer Savvy Ltd for marketing and advertising of their existing free drop off centre for (selected) unwanted computers;

- from MidWest/Waste Management for subsidy/funding of recycling of TV's and CRT monitors.
- 8 The three EOI's were discussed by the review panel and Barry Lucinsky's Expression of Interest was considered to have the potential to meet the funding criteria of the Policy. He was invited to proceed with providing a further developed project proposal for final consideration of funding.
  - 9 Computer Savvy's Expression of Interest does not meet the Policy's criteria for business seed funding or innovation. The EOI indicated that funding was required for marketing and advertising purposes for their existing business. It was decided that supporting a commercial business with these types of costs was not in accordance with the objectives of the Policy.
  - 10 MidWest's proposal was considered to be an application under category 2 of the Policy (incentives for contractors) and was taken out of the contestable process under category 4 of the Policy. Please refer to paragraph 24 for the further process around this application.

## CONSIDERATIONS

### Assessment of Barry Lucinsky's Proposal: New Building Material from Recycled Waste

- 11 Under the Policy a proposal under Category 4A New Technology, is required to include:
  - *description and/or proof of a unique Intellectual Property (IP) contribution;*
  - *a programme and process for testing;*
  - *a programme for business development of the end product/results of the project/trial;*
  - *indication of other funding contributors.*
- 12 The Expression of Interest form is for funding under Category 4A: New Technologies Fund and is attached as **Appendix 2** to this report. The further developed business development information received on 6 February 2012 is attached as **Appendix 3**. The amount of funding applied for is \$22,000.
- 13 Barry Lucinsky is a Kāpiti resident involved in waste minimisation for a number of years and the director of Silaca Glass Crushers. In June 2011, Mr Lucinsky was the recipient of seed-funding under Category 4B of the Policy. An operations agreement was signed between Mr Lucinsky and Council and following that Mr Lucinsky set up a glass crushing site at the Ōtaki Transfer Station. Glass from Ōtaki and Waikanae Station is processed and reused to produce glass pavers, sandblasting material, garden ornaments and drainage for gardens. A site visit for elected members is planned for 16 March.
- 14 Carbon Credit Plastics Ltd and WelTech are partners in the development of the new building material. Both are located in Ōtaki. WelTech is located in the Clean Technology Centre.

- 15 The new building material is manufactured from recycled glass and plastics from the Council's drop-off stations at Waikanae and Ōtaki. Silaca Glass will provide the crushed glass and marketing expertise, Carbon Credit Plastics Ltd will provide the plastics and manufacture the building material and WelTec will provide design and testing of the new product. Some early phase manufacture and testing has been done and a few characteristic of the product have been listed as a result of that. Further development, testing and trade mark registration is the phase for which funding is required.
- 16 Though plastic and glass have been used in building materials for some time (in fibreglass for example), a product developed from 100% recycled materials is unique and not knowingly manufactured elsewhere. This satisfies the Policy requirement of *IP contribution*. The envisaged outcome of the trial and testing is to meet the standards of the regulated (building materials) market.
- 17 The Policy requirement to develop *a programme and process for testing* is satisfied by WelTec's role to discover regulated and non-regulated uses for the product test the product's performance for the discovered applications and manage the certification process. The testing will be carried out during WelTec's first trimester of programmes it delivers for the Wellington Trades Academy (Built Environment, Construction Trades, Creative Technologies and Engineering Technology one-year practical programmes).
- 18 *A programme for business development of the end product* is outlined in the project proposal. Market penetration following the testing and registration process will be by way of product awareness through relationships with a major building materials supplier and practical demonstrations in the community.
- 19 It is estimated that the new material will enter the rigid air barrier board market at a third lower than the existing price of the conventional material. Mr Lucinsky claims that the new material has superior UV-resistant and weather tight characteristics compared to conventional materials.
- 20 *No indication of other funding contributors* has been provided as such but from the 12 month budget that has been provided it is clear that all partners are contributing financially to the project covering operational costs such as labour, power and sourcing of raw materials. The 12-month project cash flow projects a positive return, made possible by the start up contribution of the grant early in the project timeline. This satisfies the aim of the requirement of the Policy that the levy funding is not the sole funding source for innovation projects and that this is funding for innovation, not seed funding.
- 21 It is also important to note that the applicants have confirmed that they are responsible for sourcing raw materials at a cost should the Council's volume of glass and plastics not be enough at some point. Mr Lucinsky wants to explore sourcing directly from large commercial consumers (such as hospitals and catering outlets) within the district as an alternative to buying material from commercial waste collectors.

- 22 A break down in funding applied for has been provided:
- \$8,500 for equipment (Pulveriser/Trommel Sieve for particle size control);
  - \$8,000 for incorporating the project into WelTec's building course programme, testing process and student innovation prize;
  - \$3,000 for project management; and
  - \$2,500 for marketing.
- 23 It is recommended that the waste levy grant of \$22,000 is approved. The applicant will be required to provide a quarterly project report on spending and progress.

#### **MidWest/Waste Management proposal**

- 24 MidWest at Otaihanga Resource Recovery Facility and Waste Management on behalf of Council at Ōtaki Transfer Station have stopped accepting TVs and CRT monitors as general waste into the Transfer Stations per October and November last year. The TVs and computer screens are now put on pallets and transported to CRN recycling depot in Wellington. This depot was set up by CRN who received funding from the Ministry for the Environment to set up E-waste disposal points throughout New Zealand. The gate fee charged at our Transfer Stations is \$20 to cover the cost of transport and recycling by CRN.
- 25 The \$33,000 'not spent' of this year's advertised \$55,000 for the Innovation/Business category has been set aside to subsidise Kāpiti's residents who are dropping off televisions and CRT monitors, at the gate with \$10 per item. This subsidy will last until the \$33,000 is spent, which is expected to be around November 2012. According to the latest update from the Ministry for the Environment, the nation wide 'TV take back' scheme will be up and running by then.

#### **Update on last years community projects funded by the waste levy**

- 26 An update on projects funded by last year's waste levy process is attached to this report as **Appendix 4**.

#### **Update on the Carbon Partnership Waste to Energy project**

- 27 Phase one of the trial has been completed successfully, the summary report is attached as **Appendix 5**. Recently the gas produced has been use for the first biogas BBQ.

#### **Financial Considerations**

- 28 The \$22,000 will be paid to Barry Lucinsky in this financial year. The \$33,000 is being paid out on a monthly basis to reimburse MidWest and Waste Management. Waste Levy funds can be carried over between financial years. There is no impact on rates funding.

#### **Legal Considerations**

- 29 There are no legal considerations. Mr Lucinsky is fully responsible for ensuring that the trial complies will all relevant laws and that consents are obtained where required.

## Delegation

### 30 **Governance Structure Section C.1.1 Subcommittees**

- 7 The Grants Allocation Subcommittee will have the authority to assess all applications and allocate funds for the following grant programmes:

7.6 Waste Levy Fund grants

*The objective of this programme is to assess applications and allocate Waste Levy grants for projects which achieve a high level of community involvement in practical on-the-ground waste minimisation projects which encourage community participation and long term action.*

## Policy Implications

- 31 This report recommends allocating funding under the Waste Levy Allocation Policy September 2011 and has no impact on other Council policies.

## Publicity Considerations

- 32 A press release on the approval of the funding and a summary of the project will be released to the local newspapers.

## **RECOMMENDATIONS**

- 33 That the Grant Allocation Sub-committee approves the allocation of \$22,000 excluding GST of waste levy funding to Barry Lucinsky/Silaca Glass Crushers for the 'New Material from Fully Recycled Waste' Project, as set out in paragraphs 11-23 of report IS-12-483.

**Report prepared by:**

**Approved for submission by:**

Nienke Itjeshorst

Sean Mallon

**SOLID WASTE SERVICES  
MANAGER**

**GROUP MANAGER  
INFRASTRUCTURE SERVICES**

## **ATTACHMENTS:**

- APPENDIX 1: Waste Levy Allocation Policy  
APPENDIX 2: Application form Expression of Interest  
APPENDIX 3: Additional information provided for the project "the Development of a New Building Material from Fully Recycled Waste".  
APPENDIX 4: Update on Community Projects funded by the waste levy in levy round 10/11  
APPENDIX 5: Update Carbon Partnership Waste Energy Project