

SW/06/04/02/04

**Chairperson and Subcommittee Members**  
GRANT ALLOCATION SUB-COMMITTEE

20 MARCH 2014

Meeting Status: **Public**

Purpose of Report: For Decision

## **RECOMMENDATIONS ON WASTE LEVY GRANT ALLOCATION**

### **PURPOSE OF REPORT**

- 1 This report seeks approval for the proposed allocation of Waste Levy funding under Category 4 of the Council's Waste Levy Allocation Policy: New Technologies and Seed Funding.

### **SIGNIFICANCE OF DECISION**

- 2 This report does not trigger the Council's significance policy.

### **BACKGROUND**

- 3 In September 2013, Expressions of Interest (EOIs) were called for from businesses seeking funding under Category 4 of the Waste Levy Allocation Policy. Applicants had the opportunity to bid for up to \$30,000.
- 4 A total of three businesses submitted EOIs for consideration: Silaca Glass Crushers (\$26,000), Take Care Business Services (\$2,745), and Detyre NZ (\$30,000). The EOIs were assessed and summarised in report IS-13-1006 which was presented with recommendations to the Grants Allocation Subcommittee on 12 December 2013.
- 5 Silaca was not invited to develop its EOI into a full proposal because it would not have lead to new waste minimisation in Kāpiti. Furthermore, Silaca was granted \$25,000 from the Council's Clean Technology Innovation Fund for the same purpose on 12 December 2013. Take Care's submission constituted a full proposal for an elderly care composting project, and its application for \$2,745 was approved. Detyre was invited to develop its EOI into a full proposal for the remaining \$27,255.

### **CONSIDERATIONS**

#### **Detyre's Proposal**

- 6 Detyre has applied for \$27,255 to contribute towards the development and manufacture of a mobile tyre cutter. The cutter will be able to process five tyres per minute onsite at garages, transfer stations, and other tyre collection points. The processed tyres will then be transported to Detyre's tyre recycling plant which is currently being established at the Clean Technology Park in Ōtaki. The plant will have the capacity to process approximately 2,000 tonnes of tyres per annum and will incorporate Detyre NZ's proprietary de-vulcanisation technology to produce an output rubber suitable for replacing virgin material in a variety of

applications such as grips, wheels, bumpers, and battery supports. The plant is expected to be operational by May 2014 and will employ ten full-time staff.

- 7 The cutter will form a key component of Detyre's tyre recycling process. Construction of the cutter commenced in December 2013 at Riverbank Engineering, Ōtaki. The total cost of this phase of the project is in the order of \$100,000 with the majority met by private investment.

## Assessment against the Policy

- 8 Please refer to Appendix 1 for the requirements of Category 4 projects under the Policy. Detyre's proposal incorporates proven existing technologies and processes. The full business case is attached as Appendix 2.
- 9 Detyre has been approached by several parties who operate tyre collection points and wish to employ Detyre's services. It is acknowledged by the waste industry, that there is a lack of satisfactory options for end-of-life tyre south of Auckland; access to the required amount of tyres (2,000 tonnes per annum) is unlikely to be a barrier.
- 10 A costs and revenue projection for the project was developed by Graeme Wright & Associates and submitted to Council officers. The projection shows that the project is expected to be viable; this was verified by the Council's Financial Planning Accountant. For reasons of commercial sensitivity, the projection will be circulated to Subcommittee members independent of this report.
- 11 The lack of satisfactory end-of-life tyre options coupled with the sheer number of tyres produced in the lower North Island provides contingency against rising resource costs. Detyre is in discussions with a range of end-users for its recycled rubber products. If local markets fail, Detyre's products have value as an export commodity.
- 12 Detyre reports that it is a registered collector, transporter, and processor under the Tyrewise product stewardship scheme. The scheme was finalised by industry members in August 2013 and is currently awaiting approval from the Minister for the Environment. When implemented, a levy of \$5.50 per unit will be applied to all tyres that enter the country; the money will be used to fund the end-of-life collection and processing of tyres by registered operators.
- 13 Detyre has ambitious plans to upscale the plant in 2016 to be able to process 20,000 tonnes of tyres per annum (approximately forty percent of the New Zealand end-of-life tyre market); this would create approximately fifty jobs for local people. More than seventy-five percent of the total investment (in the order of \$2,000,000) would be directed into locally supplied parts and labour.
- 14 It is recommended that Detyre's application for \$27,255 is approved for funding.

## Financial Considerations

- 15 The Council is required to spend Levy funding in accordance with its action list in the Wellington Region Waste Management and Minimisation Plan (WMMP). Distribution of funding through the Category 4 contestable grants process is action KC3 in the WMMP. A total of \$30,000 was available under Category 4 in 2013/14. \$2,745 was granted to Take Care Business Services which left a total of \$27,255 available for allocation. This report's recommendations would result in a full allocation of the available funds in the New Technologies and Seed Funding Category for 2013/14.

- 16 Please refer to Appendix 2 for the accountability reporting requirements as outlined on the grant application form.

### Legal Considerations

- 17 There are no legal considerations for the Council. Detyre is responsible for ensuring its activities comply with all relevant laws and regulations. The plant is fully contained and does not generate emissions to the environment. Tyres will not be stockpiled onsite.
- 18 The allocation and use of the funding is subject to audit by the Ministry for the Environment.

### Delegation

- 19 The Grants Allocation Subcommittee may make a decision under Clause 7 of Section C.1 of the Governance Structure and Delegations: *“Authority to assess all applications and allocate funds for the Waste Levy Fund grants.”*

### Policy Implications

- 20 Detyre’s proposal meets the criteria for funding under Category 4 of the Waste Levy Allocation Policy 2011.

### Publicity Considerations

- 21 The project would be publicised by the Council through a media release, an article in ‘On To It’, and other communication avenues as appropriate.

## RECOMMENDATIONS

- 22 That the Grants Allocation Subcommittee approves the allocation of \$27,255 to Detyre NZ as set out in paragraphs 6 to 14 of report IS-14-1116.

**Report prepared by:**

**Approved for submission by:**

Simon Calcinai

Sean Mallon

**WASTE MINIMISATION & SERVICES  
OFFICER**

**GROUP MANAGER  
INFRASTRUCTURE SERVICES**

### ATTACHMENTS:

Appendix 1 – Waste Levy Allocation Policy 2011

Appendix 2 – Detyre NZ’s Grant Application and Supporting Documents