

**PRODUCT STEWARDSHIP SCHEME
ANNUAL REPORT TO THE MINISTER FOR THE ENVIRONMENT
FOR THE YEAR ENDED 31 MARCH 2018**

Background

To support the international protocols established to protect the environment from release of ozone depleting substances and the buildup of greenhouse gases, the Recovery product stewardship scheme funds the collection, storage, and disposing, in an environmentally acceptable way, of CFCs, HCFCs, HFCs and any other synthetic refrigerants which have been used in the refrigeration and air conditioning industries. The used refrigerants are recovered from equipment in current use or end of life equipment - the focus is on recovery and destruction of used refrigerants regardless of its condition or use at the time of collection.

Recovery's product stewardship scheme is supported by industry groups and has been accredited by Ministry for the Environment under the Waste Minimisation Act since September 2010. The Trusts intention is to continue to operate a product stewardship scheme which is supported by industry groups.

Recovery's balance date is 31 March and accordingly the trustee presents the following report for the year ended 31 March 2018.

Collection and destruction of refrigerant

Refrigerant collected for destruction in the year ended 31 March 2018 was 38,624kg compared to 35,249kg in the prior year and a target of 34,000kg. This represents a 10% increase in actual refrigerants collected, and ahead of the target.

	<u>31/03/18</u>		<u>31/03/17</u>
	Actual kg	Target kg	Actual kg
Refrigerant held at 1 April	7,809		10,715
Collected (and decanted into one-tonne cylinders)	38,624	34,000	35,249
Destroyed	<u>(39,086)</u>		<u>(38,155)</u>
Refrigerant held at 31 March	<u>7,347</u>		<u>7,809</u>

Refrigerant destroyed comprised the following:

	<u>31/03/18</u>	<u>31/03/17</u>
	kg	Kg
CFCs	253	894
HCFCs	5,330	5,746
HFCs	<u>33,503</u>	<u>31,515</u>
	<u>39,086</u>	<u>38,155</u>

Trust administrators

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There were 4 shipments of refrigerant to Australia for destruction in the year.

Destruction of refrigerant in the 12 month period has achieved a positive outcome for the environment by saving up to 22,700 tonnes of ozone and reducing the buildup of greenhouse gases by up to 78,800 tonnes of CO₂ equivalent.

Participation / Awareness through industry training

Recovery has continued to liaise with providers of industry training and has presented at industry training sessions to ensure continuing clear messages promoting the product stewardship scheme. Targeted promotional material is provided to particular industry training groups. Recovery actively participates with the Institute of Refrigeration Heating and Air Conditioning Engineers (“IRHACE”).

Participation / Awareness through stakeholders / major user groups

Recovery is run by stakeholders including directors who represent key participants in the refrigeration and air conditioning industries – importers, wholesalers, and end users. Recovery focuses on reporting and dissemination of information to / from the representatives of the various industry groups and has continued to report regularly via industry groups and through its website during the period.

The major bulk wholesalers of refrigerant into New Zealand have for a number of years been committed to imposing the levy to cover collection and destruction costs but HFCs can be imported direct without an import licence which leads to imbalances where refrigerant is imported direct by users or groups outside of the major wholesalers. Recovery continues to consider it would be beneficial for the industry if all importers of refrigerant imposed the Recovery levy to cover costs of the eventual collection and destruction of unwanted refrigerants. We note there are other wholesalers selling refrigerant who have chosen not to collect levy at this point in time. Unfortunately these wholesalers still have an expectation that Recovery will manage the financial burden of destroying the refrigerants they sell when they reach end of life.

The participating wholesalers are:

AHI Carrier (NZ) Limited	BOC Limited
Chemiplas NZ Limited	Cooling Supplies
Glowbal NZ Limited	Heatcraft New Zealand Limited
Patton Limited	Realcold NZ Limited
Refrigeration Specialties Limited	

A levy at a rate of \$1.50 per kilogram of CFCs, HCFCs, and HFCs and a levy at a rate of \$2.50 per kilogram of flammable synthetic refrigerants including HFOs is received on the sale by participating wholesalers of synthetic refrigerants.

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Participation / Awareness through refrigeration contractors

IRHACE actively promotes awareness and best effective practices in handling and storage of refrigerants and Recovery continues to liaise with IRHACE and supporting initiatives of this nature. Recovery continues to be an interested and supportive party on the fillers and handlers training and certification initiative.

Recovery continues to receive favourable feedback on its free Phone App which enables calculation of safe filling weight for refrigerant cylinders depending on type of refrigerants.

Collaborating to improve the scheme performance

Recovery has continued to discuss, both amongst the trust's representatives of industry groups and with various other parties / stakeholders, the collection of levies, impact of the Emissions Trading Scheme, and other matters impacting on the performance.

Recovery is registered on the NZ Emissions Unit Register and has earned Emission units on refrigerant destroyed since 1 January 2013. Recovery has received 194,658 units (NZUs) all of which were held at 31 March 2018.

Recovery continues to explore alternative destruction facilities as it is mindful of ensuring a tension on pricing for destruction and providing a safeguard for business continuity.

National coverage – Collection points

Regional collections continued during the year and these are now cemented as a standing initiative to ensure accessibility to Recovery's scheme across the country on an annual basis. Recovery will continue to monitor regional collections to ensure timing and locations are appropriate to maximise collection of refrigerants throughout the country.

Collection points - assessment

Recovery has continued to work closely with its external provider of refrigerant collection services. External audit / assessments of the collection facilities will be completed in the year ending 31 March 2019. The basis for assessment will be around the code of practice and will focus on ensuring procedures are being followed and expectations are being met.

Collection points - health and safety

Refrigerant collection services are handled by an external provider, a specialised refrigerant company, and their high focus and standards on health and safety are applied to the collection service.

With the phasing out of refrigerants with Ozone Depleting Potential and high Contribution to Global Warming there are increasing volumes of Flammable Synthetic Refrigerants (eg. R32) for particular applications. Recovery has an operating facility specifically for collection and

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storage of flammable synthetic refrigerants. Recovery recognises that it is likely phase out of HFCs will commence in the relatively short term.

Recovery monitors the collection process to ensure collections are being maximised in the most efficient and cost effective manner.

Promote awareness of refrigerants destroyed

Recovery has continued reporting to the Ministry for the Environment and industry groups on refrigerants disposed of following the destruction of each shipment at the destruction facility. Analysis of refrigerants destroyed is also recorded in Recovery's website.

Minimise loss

Recovery has continued to actively support IRHACE's focus on best practises in handling refrigerants to minimise refrigerant loss.

Financial

Recovery projects and regularly reviews its financial performance and financial position. At 31 March 2018 Recovery had accumulated funds of \$8,219,000, on a historical cost basis, after providing for costs of destruction of refrigerants collected but not yet destroyed at balance date.

**Statement of Financial Performance
For the year ended 31 March 2018**

	<u>\$000s</u>
Levies received	647
Less levy collection fees	<u>(32)</u>
Net revenue from levies	615
Less refrigerant collection and destruction fees	<u>(784)</u>
Gross surplus / (deficit)	(169)
Less administration and financial expenses	<u>(323)</u>
Net surplus / (deficit) before other income	(492)
Interest received and gain on investments	287
Value of NZUs received	<u>785</u>
Net surplus	<u>580</u>

Statutory Reporting

Changes to the Charities Act created statutory audit and review requirements for medium and large Registered Charities from 1 April 2015. Recovery is within the category of "medium size" and has appointed an auditor to complete an annual review which will provide limited assurance about whether the financial statements as a whole are free from material errors or fraud.

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On behalf of the Directors of Refrigerant Recovery NZ Limited, as corporate trustee of Recovery
- Trust for the Destruction of Synthetic Refrigerants:

29/6/18.
Date


Director


Director

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