



PRODUCT STEWARDSHIP SCHEME

ANNUAL REPORT TO THE MINISTER FOR THE ENVIRONMENT

FOR THE YEAR ENDED 31 MARCH 2022

recovery
Trust for the Destruction of Synthetic Refrigerants



Background

To support the international protocols established to protect the environment from release of ozone depleting substances and the build-up of greenhouse gases, the Trust for the Destruction of Synthetic Refrigerants product stewardship scheme (Recovery), funds the collection, storage, and disposal of synthetic refrigerants which have been used in the refrigeration and air conditioning industries. This includes CFCs, HCFCs, HFCs and other synthetic refrigerants. The used refrigerants are recovered from equipment in current use or end of life equipment and the focus is on recovery and destruction of used refrigerants regardless of its condition or use at the time of collection. This recovery and collection process is managed under strict environmental controls through a robust chain of custody process.

Recovery's product stewardship scheme is supported by industry groups and has been accredited by the Ministry for the Environment under the Waste Minimisation Act 2008 since September 2010. The Trusts' intention is to continue to operate a voluntary product stewardship scheme which is supported by industry groups, with the objective of being accredited as the Product Stewardship Organisation (PSO) for the priority product – Refrigerants - in 2023/2024.

Recovery's balance date is 31 March and accordingly the Trustee's present the following report for the year ended 31 March 2022.

Collection and destruction of refrigerant

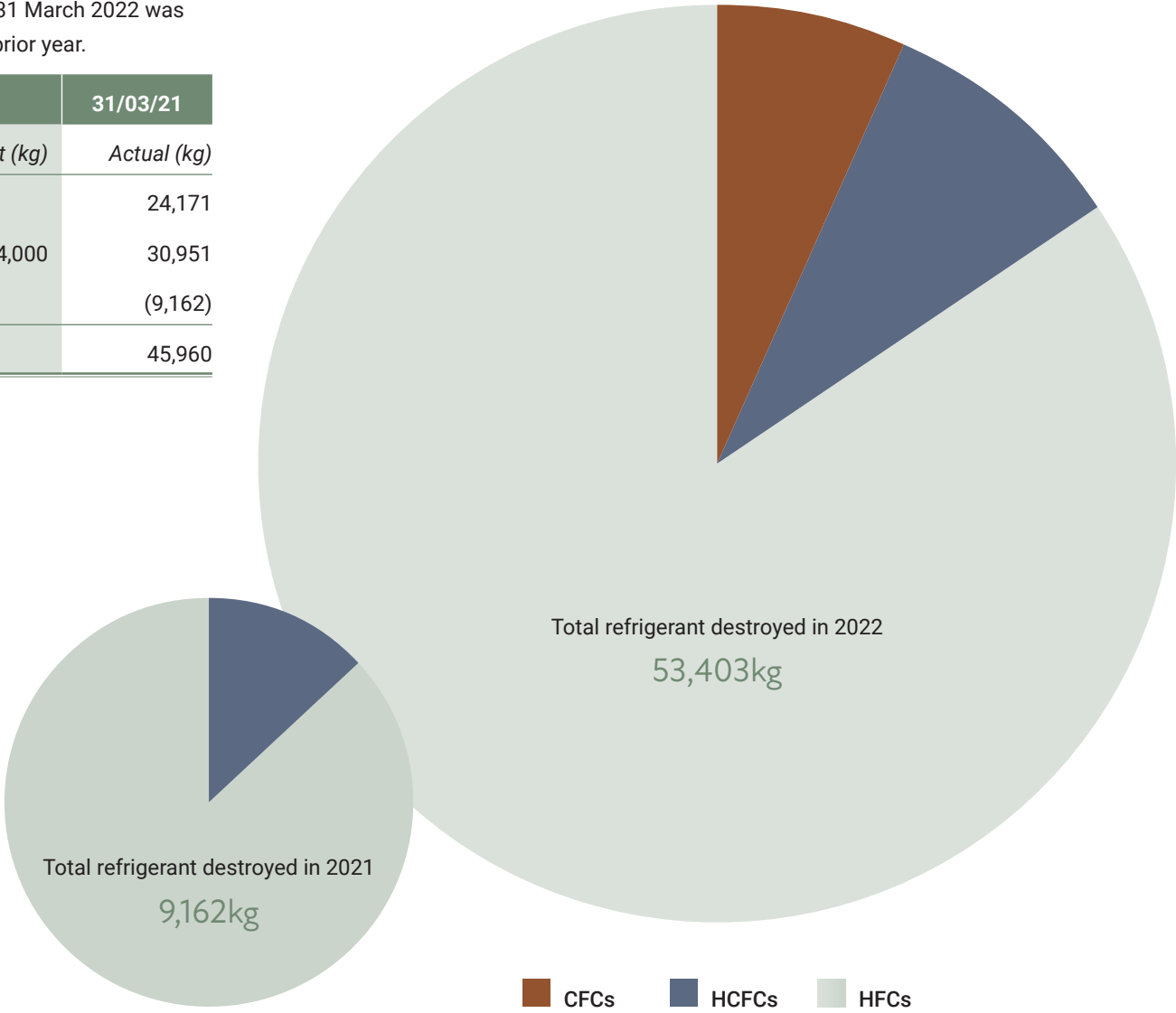
Refrigerant collected for destruction by Recovery in the year ended 31 March 2022 was 33,168kg, an increase of 7.16% when compared to 30,951kg in the prior year.

	31/03/22		31/03/21
	Actual (kg)	Target (kg)	Actual (kg)
Refrigerant held at 1 April	45,960		24,171
Collected	33,168	34,000	30,951
Destroyed	(53,403)		(9,162)
Refrigerant held at 31 March	25,725		45,960

Refrigerant destroyed comprised the following:

	31/03/22	31/03/21
	kg	kg
CFCs	3,605	6
HCFCs	4,849	1,200
HFCs	44,949	7,956
	53,403	9,162

Destruction of refrigerant in the 12-month period has achieved a positive outcome for the environment by saving up to 3,852 tonnes of ozone and reducing the build-up of greenhouse gases by up to 127,000 tonnes of CO2 equivalent.



Participation and Awareness: industry training

Recovery continues to liaise with providers of industry training. However, during the last two years there has been little training delivered by Refrigerant License NZ (RLNZ) the organisation on which the industry has historically relied upon for refrigerant related training. Recovery continued to seek and develop relationships with alternative training providers in the absence of courses being available through RLNZ

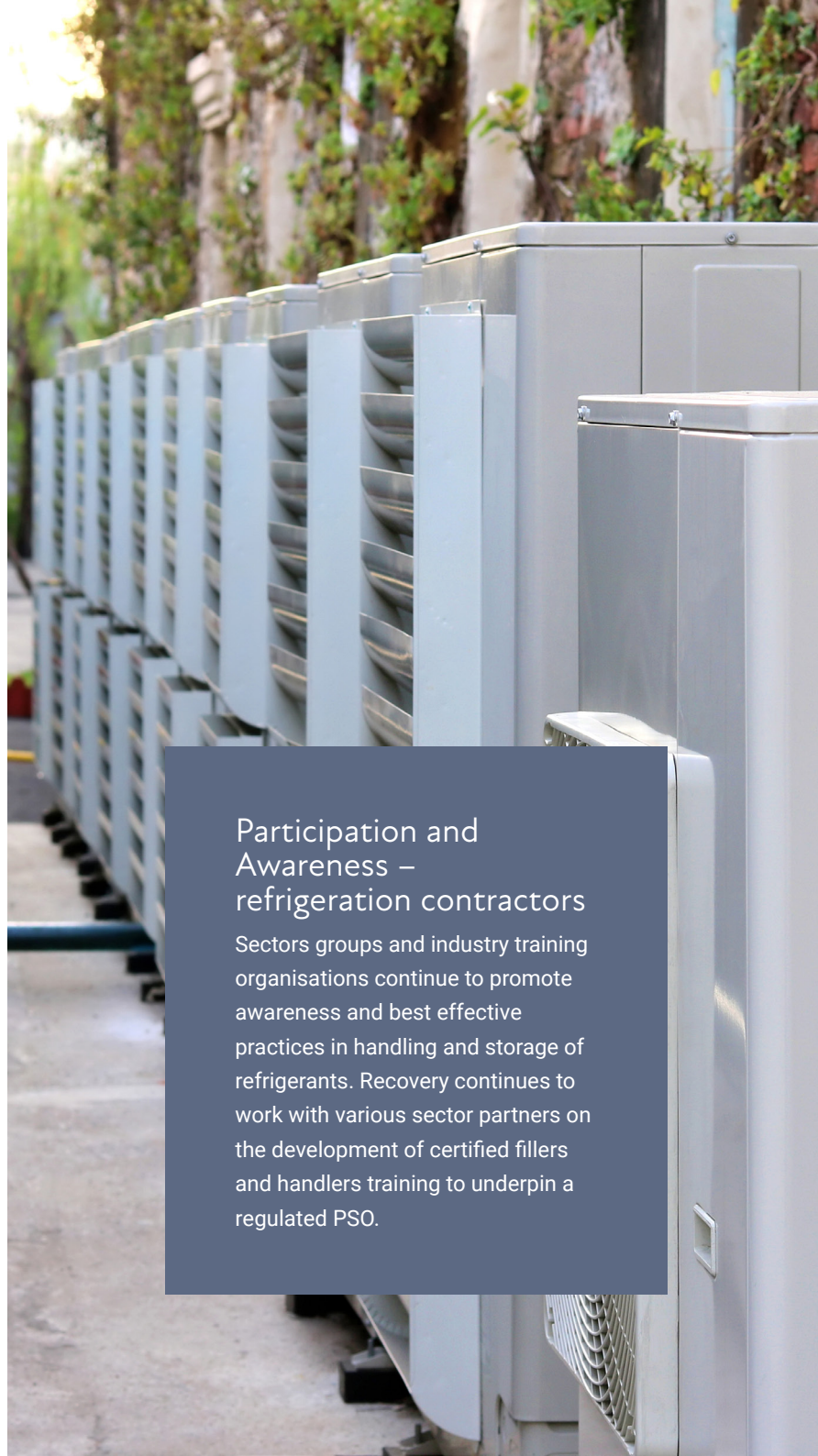
Recovery continues to receive favourable feedback for its smart phone app which is available for download free from our website. The Refrigerant Fillers App NZ lists the locations of the Recovery's nine refrigerant collection sites across New Zealand, and also provides 'on the job' support to technicians through the 'Fill calculator' and the 'Cylinder lab look up functions'. Through this app, the technician can calculate the safe filling weight for refrigerant cylinders, to undertake cylinder decanting, recovery and storage in practical manner while adhering to health and safety best practice guidance.

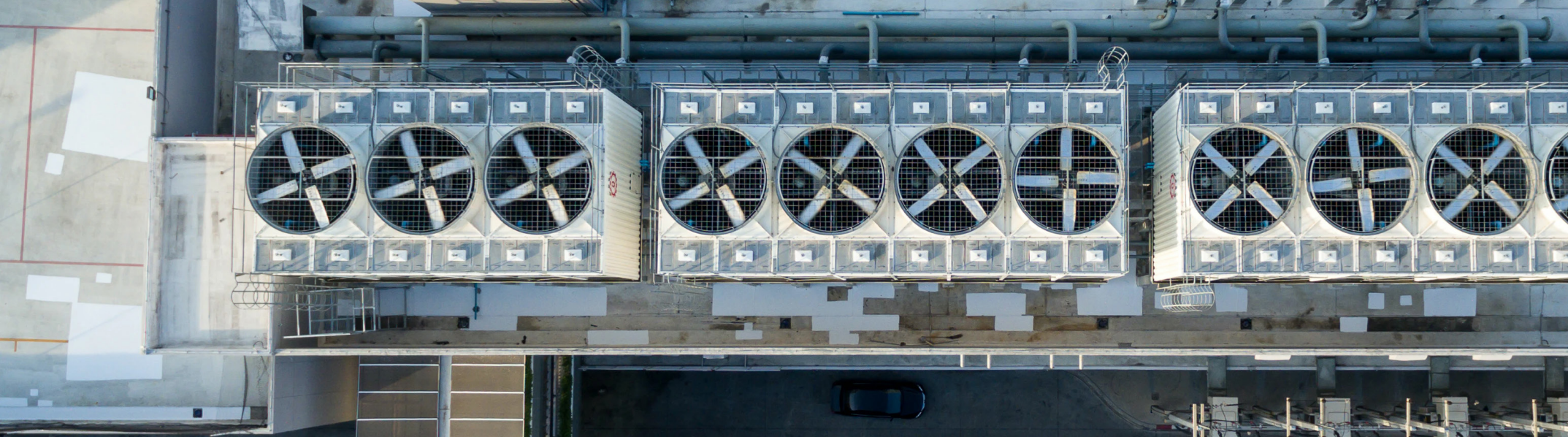
Targeted promotional material is provided to particular industry training groups. Recovery has continued to endeavour to actively participate with the Institute of Refrigeration Heating and Air Conditioning Engineers (IRHACE), with strengthened relationships across the Motor Trade Association (MTA), and the Motor Industry Training Organization (MITO).

Recovery has outlined the requirement for a Training and Compliance Technical Advisory Group to determine and drive forward training accreditation and certification requirements for a priority product under a regulated product stewardship scheme. Initial discussions commenced January 2022 to bring together the interested parties. The TAG comprises of representatives across the RHVAC industry – and related parties such as the Electrical Workers Registration Board, New Zealand Auto Electricians, Hanga-Aro-Rau and WorkSafe New Zealand. The first meeting was delayed due to COVID restrictions but will take place in July 2022.

Participation and Awareness – refrigeration contractors

Sectors groups and industry training organisations continue to promote awareness and best effective practices in handling and storage of refrigerants. Recovery continues to work with various sector partners on the development of certified fillers and handlers training to underpin a regulated PSO.





Participation and Awareness – stakeholders and major user groups

Recovery is run by Trustees who represent key participants in the refrigeration, heating and air conditioning industries – importers, wholesalers, and end users. Recovery focuses on reporting and dissemination of information to and from the representatives of the various industry groups and has continued to report through its website, social media platforms, and direct electronic newsletters during the reporting period.

The major bulk wholesalers of refrigerant into New Zealand have, for a number of years and on a voluntary basis, been committed to imposing the levy to cover collection and destruction costs but there are other wholesalers selling refrigerant who have chosen not to collect the levy. Unfortunately, these other wholesalers have an expectation that Recovery will manage the financial burden of destroying the refrigerants they sell when they reach end of life.

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 was received on the sale by participating wholesalers of synthetic refrigerants to 31 December 2021. Recovery reduced the levies to \$0 per kg on 1 January 2022, because Trustees have determined the Trust now has sufficient financial resources to continue to provide this and other services to the industry free of charge for the foreseeable future.

The participating wholesalers who collected levies in the voluntary scheme are:

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

The Trust would specifically like to recognise these organisations for their long-term support over many years.

Due to the structure of the New Zealand Emissions Trading Scheme, the Trust's right to claim NZU's for certain (but not all), gases collected and destroyed and Recovery's application to the Ministry for the Environment to become the accredited Product Stewardship Organisation for Refrigerants, we no longer propose a requirement for separate industry funding to be incorporated in the regulations for the priority product.

Recovery as the Product Stewardship Organisation (PSO) would expect regulations to require the entire sector to participate. Through supportive regulation and collective participation across our industries, New Zealand will be able to minimise the environmental impact of refrigerants in the future.

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 New Zealand Emissions Trading Scheme, and other matters impacting on the scheme's performance.

Recovery is registered on the NZ Emissions Unit Register and has earned New Zealand Units on refrigerant destroyed since 1 January 2013.

National coverage – collection points

Regional collections are run across the country to maximise collection of refrigerants throughout the country. Recovery monitors the process to ensure collections are being maximised in the most efficient and cost-effective manner and the timing and regional collection locations vary as appropriate. Widespread uptake across New Zealand of TrackAbout technology has increased visibility of the collection branch and regional hub performance and management. Cylinder decanting and return to owner times have improved over the past twelve months, with ongoing focus on service expected to result in further streamlined delivery.

Collection points – assessment

Recovery has continued to work closely with its external provider of refrigerant collection services. External audit / assessments of the collection facilities are completed with the basis for assessment being the code of practice and a focus on ensuring procedures are being followed and expectations are being met. From Recovery's perspective there is no particular risk which is of concern at the recovery depots.

Collection points – health and safety

Refrigerant collection services are handled by its 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 (e.g. R32) for particular applications. Recovery has an operating facility specifically for collection and storage of flammable synthetic refrigerants. Recovery recognises that it is likely phase out of HFCs will commence in the relatively short term.



Promote awareness of refrigerants destroyed

Recovery has continued reporting to the Ministry for the Environment on refrigerants disposed of following the destruction of each shipment at the destruction facility.

Minimise loss

Across this current reporting period, Recovery has focused their loss minimisation activities on building training capacity and capability across the sector, seeking to support training providers who can equip technicians to minimise loss with the Approved Fillers and other related industry training.

In the 2022-23 reporting period, Recovery will launch specific initiatives which will increase the uptake of leak detection technology across New Zealand and provide a bounty payment for recovered refrigerant collection.

Looking to the future: changes to the Trust in the last 18 months

In preparation for its application to become the accredited Product Stewardship Organisation (PSO), the Trust for the Destruction of Synthetic Refrigerants was restructured in March 2021 to provide a governance structure that better met the expectations of the Ministry for the Environment for a regulated PSO. The Trust can now have up to six Trustees widely representing all sectors of interest in synthetic refrigerants as we transition to better environmental alternatives. The Trust's governance structure now provides for an additional two independent trustees and meets the Ministry's requirement for an independent Chair.

In August 2021, Richard Lauder was appointed as the first independent chair for the Trust. Richard has had an extensive career including several Chief Executive and governance roles and he has a passion for work in climate change mitigation.

The Trust subsequently adopted a new business plan, with the intent of extending its activities from its historical role of providing free collection and destruction services, to one more aligned to the requirements of a regulated PSO. The Trust's stated aim is to reduce the climate change impact of synthetic refrigerants in New Zealand by 90% by 2035.

In April 2022 the Trust appointed its first Chief Executive, Janine Brinsdon, and is currently recruiting for three additional staff to extend its services and reach.

As part of a significant investment in the appropriate management of the F-gases, the Trust has just announced it is building New Zealand's own world-class destruction plant, which will be built in Kawarau, fully commissioned and operational in 2024.

The Trust continues to work with the Ministry for the Environment through the regulated product stewardship application process, but that has not stopped progress on our own efforts in the industry to achieve our environmental objectives.



Richard Lauder, *Chair*



Janine Brinsdon, *Chief Executive*

Financial

Recovery projects and regularly reviews its financial performance and financial position.

At 31 March 2022 Recovery had accumulated funds of \$20,070,000, 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 2022

	31/03/22	31/03/21
	\$000s	\$000s
Levies received	377	496
Less levy collection fees	(19)	(25)
Net revenue from levies	358	471
Less refrigerant collection and destruction fees	(920)	(843)
Gross surplus / (deficit)	(562)	(372)
Less administration and financial expenses	(687)	(348)
Net surplus / (deficit) before other income	(1,249)	(720)
Interest received and gain on investments	5,428	400
Value of NZUs received	5,508	652
Net surplus	9,687	332

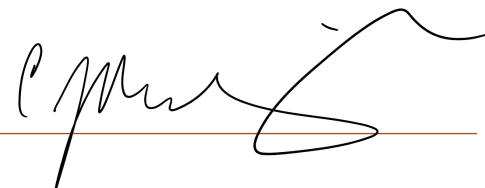
Statutory Reporting

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 audit which provides assurance about whether the financial statements, as a whole, are free from material errors or fraud.

On behalf of Trust for the Destruction of
Synthetic Refrigerants:



Trustee



Trustee

Date: 10th October 2022

Our Trustees



Richard Lauder
*BE Chem, MBA, Grad Dip
Arts (Ethics)*
Chair



Sameer Handa
MNZM
Refrigeration &
Air-conditioning
Wholesalers



Lionel Rowe
Motor Trade Association
(MTA)



Linda Mulvihill
Head of Energy and Climate
at Fonterra
(Joined April 2022)



Clifton Madgwick
BAppSc & PDM
Refrigerant Importers &
Wholesalers



Janine Brinsdon
Chief Executive

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Trust Administrator

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