

CBAFF and Tyrewise webinar - part 2

Customs Brokers & Freight Forwarders Federation of NZ Inc.

07 February 2024



NEW ZEALAND
CUSTOMS SERVICE
TE MANA ĀRAI O AOTEAROA



Tyrewise



Thank you to our hosts & CBAFF members

- Many thanks to CBAFF members and their clients for sharing concerns and information
- Great to have opportunity for the agencies to join in the discussion
- We look forward to further collaboration -
 - improve online guidance before 1 March in-effect date of regulations
 - obtain more 'outlier' examples for tariff coding guidance
 - document how the system is working 'on the ground'
 - design improvements to the regulated tyre system

Agenda

- Introductions
- Overview
 - Policy background
 - New regulations
 - Response to CBAFF and industry questions
 - Process to improve the system
- Questions ?
- Overview - the Tyrewise scheme
- Further questions and discussion

Introductions

Ministry for the Environment (the Ministry)

- Dana Peterson, Senior Analyst (Waste Systems, Climate Change Mitigation and Resource Efficiency)
- Donna Peterson, Senior Analyst (Waste Systems, Climate Change Mitigation and Resource Efficiency)

New Zealand Customs Service (Customs)

- Paula Pearce, Senior Customs Officer (Valuation, Origin and Classification (VOC), Revenue and Assurance)
- Terry Hampton, Chief Customs Officer (Trade Assurance, Revenue and Assurance)

Tyrewise implementation managers (3R Group Ltd, appointed by Auto Stewardship New Zealand)

- Adele Rose, 3R CEO and Project Manager for the Tyrewise Implementation Project, and from her team:
 - Sarah Clare, Data and Software
 - Jason Richards, Stakeholder Engagement
 - Trevor Tutt, Operations and R&D
 - Kiri Spiers, Marketing and Communications

Policy background

Waste minimisation to reduce harm & provide benefits

- The tyre regulations are under the Waste Minimisation Act (WMA). The purpose of the WMA is to encourage waste minimisation to protect the environment from harm and provide environmental, social, economic and cultural benefits.
- Tyres are one of six 'priority products' declared under the WMA in 2020 to improve sharing of responsibility for impacts of those products at end of life, and the first to complete scheme design and regulatory processes.

Co-design of product stewardship schemes

- Government's approach to 'priority product' schemes has been to support industry-led working groups to design the product stewardship schemes and recommend supporting regulations to government.
- The Tyrewise working group had representatives from the tyre industry, vehicle importers, local authorities and consumers. Recommendations were made to government in 2013 and updated in 2020.

(Policy background, continued)

Equitable sharing of costs, in a cost-effective framework

- The intent of policy is to significantly improve management of end-of-life tyres and share these costs among all purchasers of new tyres.
- To capture all new tyres and keep fee collection and enforcement costs low, existing classification systems in Customs and NZTA will be used.
- The focus has been on capturing the majority of tyres entering the NZ market in order to fund an effective product stewardship scheme.
- Fees are in proportion to average weights in broad tyre size categories because larger tyres will incur more costs.
- To keep fees down near the current ad hoc retailer disposal fee, the Tyrewise scheme is designed to provide a tracked tyre collection network and incentivise market ‘pull’ toward higher benefit uses.

Consultation and government decision on regulations

- Public consultation on the tyre regulations took place in 2021, and Cabinet approved regulations in 2023.

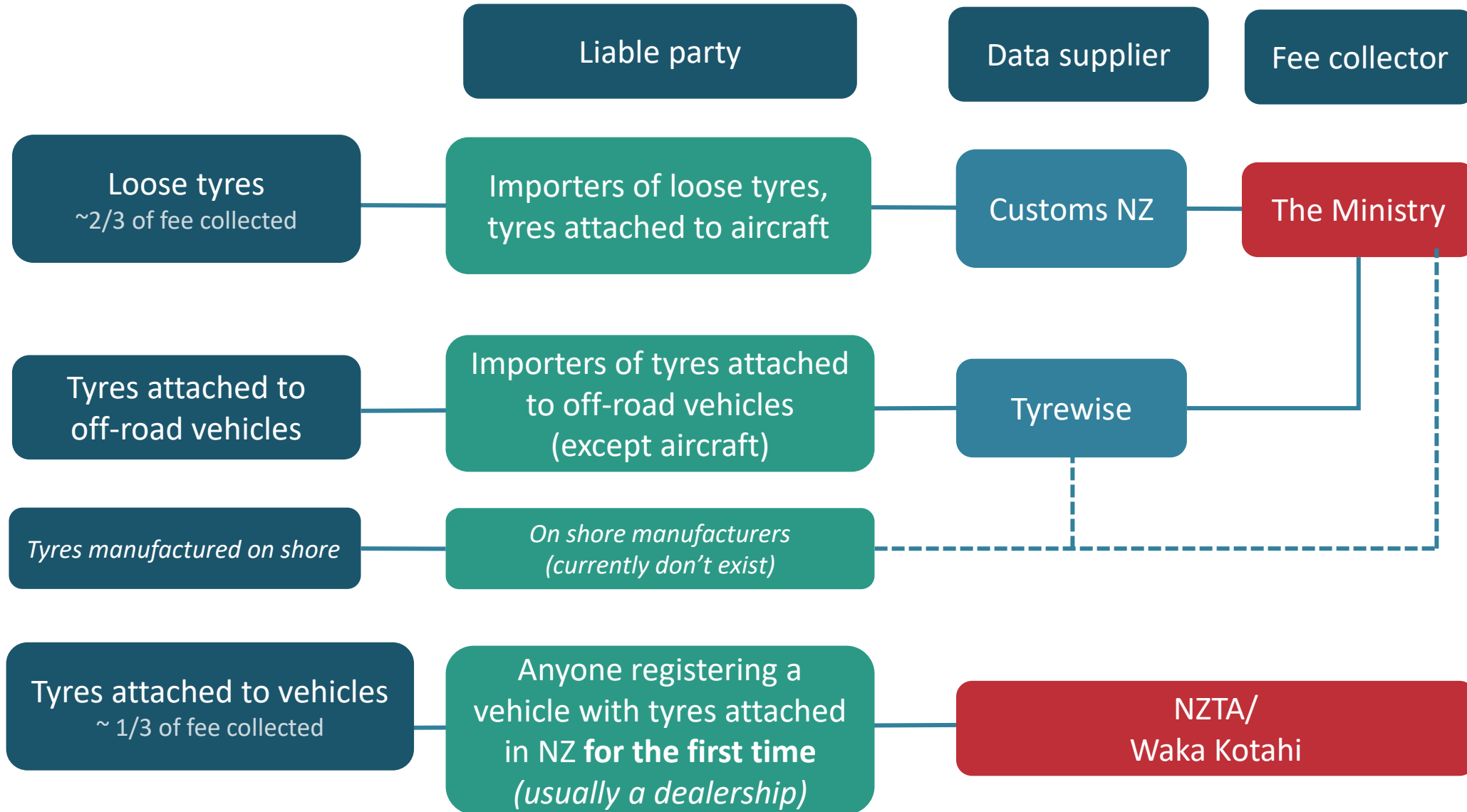
New regulations

- From 1 March 2024 a tyre stewardship fee will be charged on tyres entering to the NZ market.
- The regulations specify that the fee revenue will be used from 1 September 2024 by the Tyrewise scheme to:
 - provide tyre collection and tracking services
 - incentivise onshore processing, recycling and energy recovery for end-of-life tyres.
- The Tyrewise scheme is accredited by the Minister for the Environment under the Waste Minimisation Act and governed by Auto Stewardship New Zealand.

Which tyres are regulated?

- A regulated tyre is a “pneumatic or solid tyre that is used, or intended for use, on a motor vehicle or an aircraft”.
- This includes trucks, buses, motorcycles, all-terrain vehicles, tractors, forklifts, off-road vehicles, and vehicles and machinery used in agriculture, forestry, construction, mining and industry
- This does not include tyres used or intended for use on such equipment as bicycles, wheelbarrows, toys, wheelchairs or electric mobility devices.

Tyre stewardship fee: Liable parties and fee collectors



Exceptions to payment of fee

Loose tyre imports

De-minimus on low value imports

- If the Customs value of the importation entry containing those tyres is equal to or less than \$1,000

Re-treaded aircraft tyres *

- If the loose regulated tyre imported is a retreaded tyre for use on an aircraft, *and the importer produces evidence that a fee was already paid in relation to the same tyre casing*

Vehicles with tyres attached *

- A person is not required to pay the fee when registering a vehicle for the first time *if the person produces evidence that a fee has already been paid on those tyres*
- TSF refund claims can be submitted to the Ministry using an application form to be published on our website.



* Regulations specify that the Secretary can issue refunds in these cases

Tariff codes vs weight

- Tariff codes are within an existing system, whereas reporting by weight would require new systems and/or significant amendment to the tariff codes relating to tyres.
- The industry-led working group considered the option of importers self-declaring to the accredited scheme based on weight, with import data being used for verification. This option was considered likely to require extensive manual checking and add unnecessarily to costs, and was not recommended to government.
- Instead, average tyre weights per tariff code tyre category were developed based on industry data so that the majority of tyres would have graded fee increases for larger categories of size (and weight) of tyre.
- We have recently been made aware of a minority of tariff categories where the fee is not aligned to tyre use or weight as well as intended. These will be a priority for exploring effective remedies under the regulations.

How the tyre stewardship fees were calculated

- The fee is to cover the cost of future stewardship of the new tyre on which it is paid.
- Tyres were grouped by type, typical weights were averaged and multiplied against the number of EPU (Equivalent Passenger Unit, average weight of new passenger tyre 9.5kg).
- The fee is based on \$6.65 (GST excl) per EPU. This was mapped (insofar as possible) to the tariff codes for tyres and the NZTA vehicle registration classes.
- The full list of fees for regulated tyres (loose or attached to vehicles) is published in Schedule 2 of the tyre regulations [Waste Minimisation \(Tyres\) Regulations 2023 \(SL 2023/263\)](#) [Schedule 2 Fees for regulated tyres – New Zealand Legislation](#).

Band description	Average weight new	Number of EPU (9.5 kg)	Tyre stewardship fee
Aircraft	18	1.9	\$ 12.64
Construction/Industrial	48	5.1	\$ 33.92
Light commercials/industrial	19	2	\$ 13.30
Medium Truck	30	3.2	\$ 21.28
Motorbike	4.75	0.5	\$ 3.33
Off road (earthmovers)	601	63.3	\$ 420.95
Off Road (forestry)	42	4.4	\$ 29.26
Off Road (graders)	220	23.2	\$ 154.28
Off road ATV	3	0.3	\$ 2.00
Passenger	9.5	1	\$ 6.65
Solid industrial	34	3.6	\$ 23.94
Tractors - large	77	8.1	\$ 53.87
Tractors - small	25	2.6	\$ 17.29
Truck, Bus	40	4.2	\$ 27.93

Selecting the correct tariff code

- The rules about selecting tariff codes have not changed. These are governed by Customs.
- Where an item could fall under more than one category, the General Rules of Interpretation should be followed. These can be found in the Introduction to the Working Tariff Document of New Zealand
<https://www.customs.govt.nz/globalassets/documents/tariff-documents/wtd-2024/introduction-1-jan-2024.pdf> - .
- For more certainty, anyone can apply (with a modest fee) to Customs for a tariff ruling on the correct code to use, and this ruling is valid for three years [Tariff ruling request - New Zealand Customs Service](#)

Invoicing and fee payment – imported loose tyres

- The Ministry will collect the fee based on import data shared by Customs (for imported loose tyres). An Information Disclosure Agreement between the Ministry and Customs has been set up to protect any commercial and personal information in the import data.
<https://www.customs.govt.nz/globalassets/documents/information-sharing-agreements/information-disclosure-agreement-customs-and-ministry-for-the-environment.pdf>
- From April 2024 importers (or their agents) will receive monthly invoices for tyres imported the previous month. Payment is due no later than the 20th day following the month in which the invoice was issued.
- After three reminder notices enforcement action will be commenced.
A person who does not pay a fee they are required to pay commits an offence and is liable on conviction to a fine up to \$100,000 under section 65(1)(a) and (b) of the Waste Minimisation Act.

Why can't payments be made directly to Customs?

- This was recommended by the industry-led working party that designed the scheme and was the original intent.
- To do this the tyre fee must be defined as a 'duty' under the Customs and Excise Act 2018. Legislative amendments are done by Parliament, and to date we have not been able to get this into the legislative timetable.
- If this amendment is made, the tyre regulations could be amended to have the fee paid directly to Customs.

Invoicing – tyres imported attached to vehicles

Tyres attached to imported on-road vehicle

- Importers who register vehicles for the first time with NZTA for on-road use will be charged the tyre fee by NZTA as per the fee structure in table 2,3 and 4 of Schedule 2 in the regulations.
- Any refund claim on fee paid on tyres attached to an OR vehicle that is later registered for on-road use will need to be applied for to MfE (application to be published on the Ministry website)

Tyres attached to imported off-road vehicle

- Importers will declare these imports to Tyrewise using the self-declaration form available on Tyrewise website and thus must be transferred to the Ministry.
- Tables 2,3 and 4 of Schedule 2 in the regulations will be used to calculate the fee due on these imported tyres.
- The Ministry will invoice these fees quarterly to the importers as per contact details informed in the declaration form.
- Any refund claim due to an adjustment/ cancellation of a cleared import declaration will require that evidence of these changes to be supplied to the Ministry.

Misclassifications and adjustments

- We hear concerns about possible price advantage or disadvantage in the market in the short term until it becomes clear to all importers which is the correct tariff code to use per type of tyre.
- If material or classification errors are identified, a correction request can be made to Customs using the standard procedures.
- Customs will notify the Ministry on a monthly basis of any adjustments that have occurred.
- The Ministry will process the adjustments, with invoice payment due no later than the 20th day of the following month from when the invoice was issued.

Enforcement by Customs

- Using the wrong tariff code may attract enforcement action by Customs under their Administrative Penalties Regime unless voluntarily notified.

Fees and exported tyres

- **Fees will not be charged on transhipped goods** because technically they do not enter the NZ market.
- Some businesses that export tyres from the NZ market for re-use overseas have asked whether they can apply for a refund of the fee, as those tyres will not be stewarded by Tyrewise at end-of-life.
- **There is no exemption in the fee regulations for exports of tyres**
This is because without an individual tyre tracking system to identify when individual tyres have entered the NZ market and/or whether a fee had been paid on them, and they cannot easily be distinguished from legacy tyres. Legacy tyres should not attract a refund when no fee was paid on them.
- If tyres are exported for re-use it is possible they may be returned to New Zealand for management at end-of-life. Imported used tyres also attract a fee, but in the absence of an individual tyre tracking system it is not possible to determine if that tyre has already had a fee paid on it or not.
- The Ministry is open to developing practical solutions in due course, if possible.

Process to improve the system

- Appropriate cost-effective adjustments for some tyre category fees has not been ruled out for later, once regulations have commenced and their effectiveness can be monitored.
- Any proposed refinement of tariff codes or regulations will require good documentation of impacts, options, costs and feasibility to progress.
- A Tyrewise working party has been proposed to look at potential options for improving fee accuracy to tyre weight in the minority of tariffs with very broad tyre size ranges (eg, earthmover and grader tyres).
- An amendment to the Working Tariff Document could not be concluded prior to 1 March but could be explored further at a later date if it is considered appropriate.
- We will be regularly monitoring the effectiveness of the regulations and the scheme, and welcome feedback.

**Any
questions
so far?**



What is Tyrewise

Mahi tahi - working together for a better Aotearoa.

Tyrewise is the Kiwi solution for end-of-life tyres, co-designed with the whole industry supply chain and accredited as a regulated product stewardship scheme by the Minister for the Environment.

It's taken a long time to create a solution for the 6.5 million tyres that reach their end of life in our country each year.

1 March 2024 is launch date!



Tyrewise

TYREWISE PHASED ROLL OUT



✓ Tyre stewardship fees are set in regulation and paid on regulated tyres, whether loose or attached to a vehicle, at point of import or first registration.

✓ Environmental / disposal charges (if any) are those placed on end-of-life tyres to cover disposal costs.

✗ Tyres for bicycles and non-motorised equipment and coils for retreads are not currently covered by the Regulation. Fair notice will be given before these are included in the scheme.



Fee through the supply chain

IMPORTERS

Pay tyre stewardship fee on regulated tyres at import or first registration. Pass on fee to retailer or generator.

TYRE RETAILERS AND GENERATORS

Pass on tyre stewardship fee to the consumer. Accept end-of-life tyres for free. Tyrewise pays for collection.

COLLECTION SITES

Accept end-of-life tyres for free. Receive payments from Tyrewise for handling tyres. Tyrewise pays for collection.

CONSUMERS

Pay tyre stewardship fee when purchasing new tyres. Disposal of tyres is free at retailers and generators (when new tyres are fitted) and at collection sites.

TYRE TRANSPORTERS

Collect tyres from collection sites, generators or retailers and deliver them to processors. Tyrewise pays for transport.

PROCESSORS

Tyrewise pays incentives for the conversion of end-of-life tyres into an intermediary product for the domestic market.

MANUFACTURERS / INNOVATORS

Tyrewise may pay incentives for eligible products made using tyre derived products or fuel for the domestic market.



NEW TYRES



END-OF-LIFE TYRES



CHIPPING / SHREDDING OF
END-OF-LIFE TYRES



NEW PRODUCTS

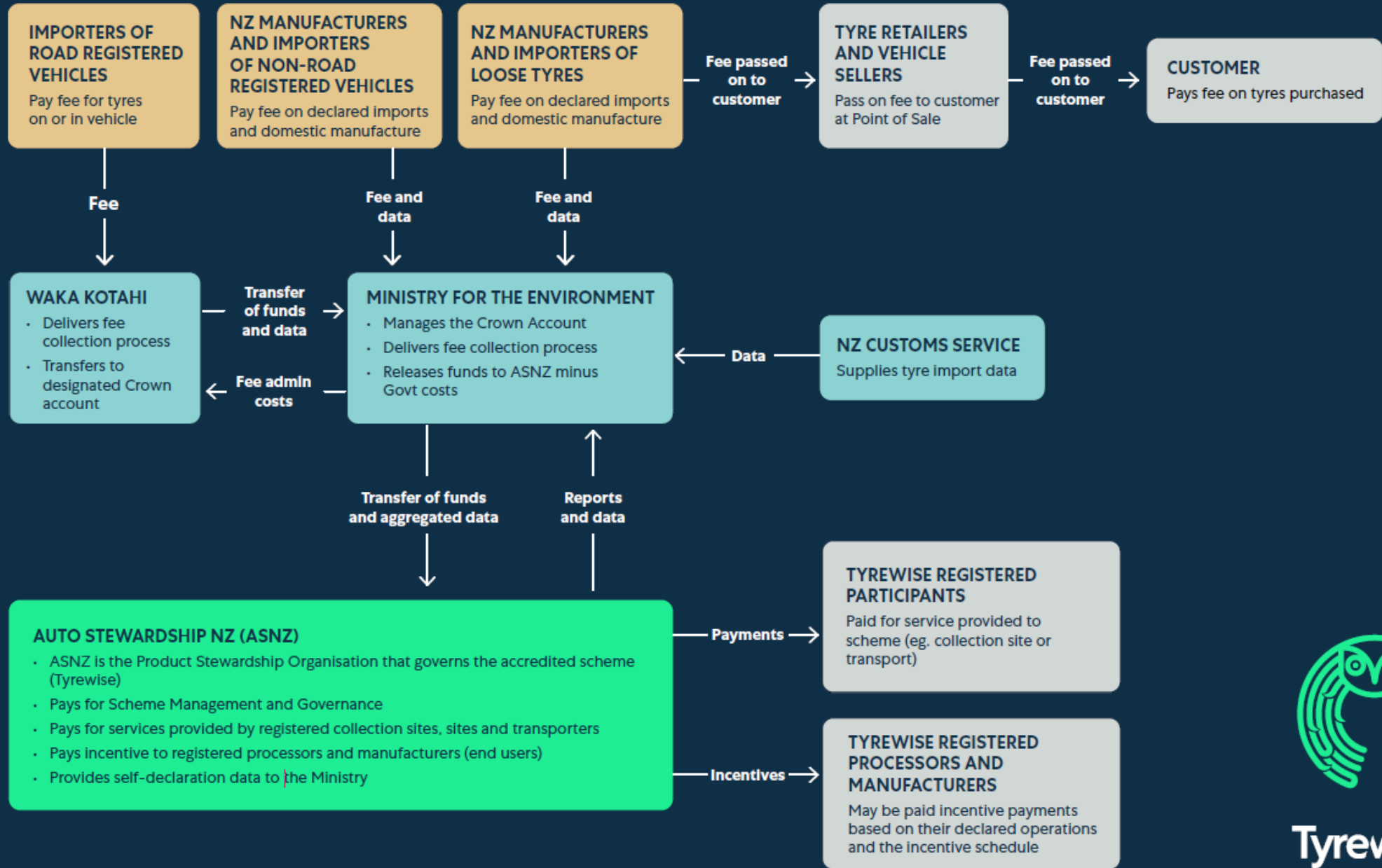


All participants are registered with and audited by Tyrewise.



Payment points may vary for businesses with multiple roles.

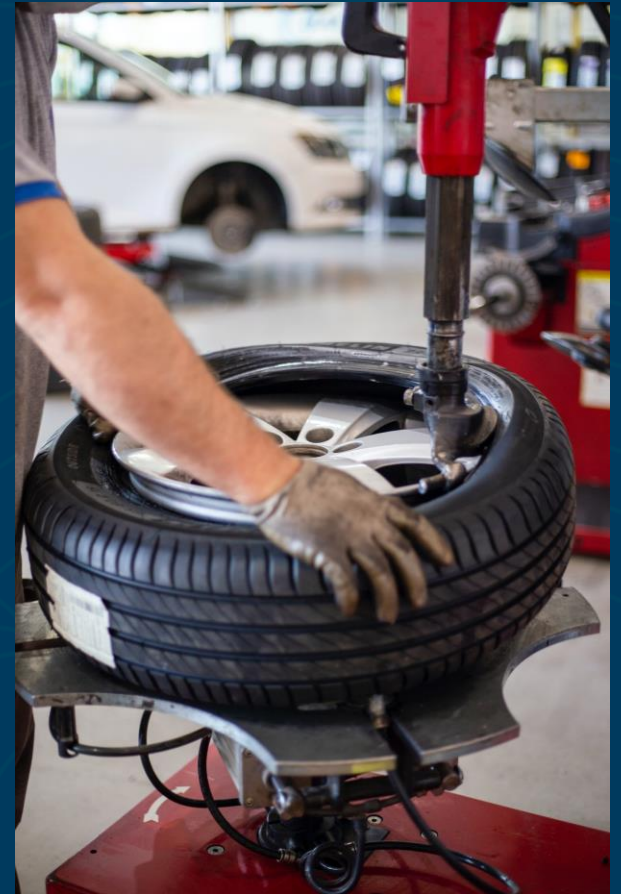
TYREWISE - FLOW OF FUNDS AND DATA



Tyrewise

On charging of Fee

- **Importers** are responsible for paying the Tyre Stewardship Fee to government on all tyres imported.
- **Retailers** are responsible for on-charging the Tyre Stewardship Fee to their customers on each new tyre sold.
- The **wholesaler / distributor** must transparently declare the value of the Fee they are passing on to retailer to oncharge their customers.
- A recommended mock up of a sales docket / invoice can be found in the Tyrewise Toolbox on the website
- Failure to sell a tyre in accordance with the accredited scheme is an offence under the Waste Minimisation (Tyres) Regulations and enforceable by the Ministry for the Environment



Accredited scheme for management of regulated tyres

5 Regulated tyres must be sold in accordance with accredited scheme

- (1) A person must not sell a regulated tyre except in accordance with an accredited tyre scheme.
- (2) See [section 65\(1\)\(a\) and \(b\)](#) of the Act for related offences.



Tyrewise

Point of sale

- Point of sale material to support social media comms distributed to retailers who have registered with Tyrewise

It's time for the rubber to hit the road.

Together, we're working to end tyre waste. Ad hoc disposal fees are being replaced with a tyre stewardship fee.

From 1 March 2024:

 Buying new tyres: Tyre stewardship fee charged	 End-of-life tyres: Current disposal charges apply
--	---

From 1 Sept 2024:

 Buying new tyres: Tyre stewardship fee charged	 End-of-life tyres: No disposal charges can be applied
--	---

 Tyrewise responsible for collections of end-of-life tyres

tyrewise.co.nz
environment.govt.nz/tyre-stewardship



Tyrewise

Tyres keep us moving every day.

When they've done their job, we need to do ours.

Find out how Tyrewise is working with businesses across Aotearoa New Zealand to end tyre waste in every community.
www.tyrewise.co.nz



Tyrewise



Tyrewise

Questions and discussion



We look forward to further collaboration

- improve online guidance before 1 March in-effect date of regulations
- obtain more 'outlier' examples for tariff coding guidance
- document how the system is working 'on the ground'
- design improvements to the regulated tyre system

Contact:

Ministry for the Environment

Waste Systems team, Climate Change Mitigation and Resource Efficiency

- Dana Peterson dana.peterson@mfe.govt.nz
- Donna Peterson donna.peterson@mfe.govt.nz

New Zealand Customs Service

Application for a tariff ruling www.customs.govt.nz/business/tariffs/tariff-ruling-request

Tyrewise

Adele Rose, Project Manager adele@tyrewise.co.nz