

22. 4. 98

**RECOVERED MATERIALS SPECIAL COMMITTEE
8 APRIL 1998**

**A meeting of the Recovered Materials Special Committee
was held on Wednesday 8 April 1998 commencing at 1.30 pm,
adjourning at 1.31 pm and reconvening at 2.50 pm**

PRESENT: Councillor Denis O'Rourke (Chairman),
Councillor Ian Howell and Mr Peter Townsend.

APOLOGIES: Apologies for absence were received and accepted
from Councillors David Close and Garry Moore, and
Messrs Michael Hannah, Chris Pickrill and
Mark Prain.

The Committee reports that:

PART B - REPORTS FOR INFORMATION

1. FINANCIAL REPORT AND 1997/98 BUDGET STATUS

A financial report for the Recovered Materials Foundation (copy attached), covering the period 27 February-30 March 1998, as adopted by the Recovered Materials Foundation Board at its meeting on 8 April 1998, was considered. The information was **received**.

2. BUDGET AND REVENUE 1998/99

The Board **received** a report from the CEO and the Finance and Administration Manager (copy attached). This presented an overview of the budget and the revenue projection based on available estimates.

It was **resolved** that the budget and revenue projection for 1998/99 as proposed to the Board at its 8 April 1998 meeting be approved.

**3. REPORT FROM THE CHIEF EXECUTIVE OFFICER,
RECOVERED MATERIALS FOUNDATION**

The Committee considered a report from the CEO of the Recovered Materials Foundation to the RMF meeting on 8 April 1998 (copy attached) which covered:

Recovered Materials Special Committee 8.4.98

- 2 -

3 Cont'd

- RMF Administration
- RMF Establishment
- GPS Establishment
- RMF Core Task Execution
- CEO Contract Status Summary
- Next Steps

The CEO reported further that the shift to the new premises at Level 2, Union House, 193 Cashel Street, had been completed.

The information was **received**.

4. TYRES: BREAKDOWN COST OF SHREDDING

The Business Development Manager had submitted a report which summarised progress made on the used tyre issue.

It was noted that the intention had been to approach Mike Moore MP to ask questions in the House and seek further information on the importation of second hand tyres, rather than lobby this issue.

The Business Development Manager advised that an Industry Waste Tyre Committee had been established to work through the issue of disposal with the tyre industry. Monthly meetings are proposed, and a recommendation will be forthcoming for the Council.

The Special Committee noted that the Board, at its meeting on 8 April 1998, had resolved the following:

1. That the RMF continue working with the Industry Waste Tyre Committee on the problem of the disposal of waste tyres, prior to a recommendation being submitted to the Council within three months (report to July Council meeting).
2. That, in view of the commercial sensitivity of some developments, as far as possible no public/media discussion or correspondence concerning the current tyre disposal problem be entered into without first notifying and discussing the same with the Industry Waste Tyre Committee.
3. That the Board hold back on taking the issue of the importation of tyres to Government, (a \$2/tyre disposal charge was seen to act as a disincentive for importing unsuitable products, as well as an incentive for business to deal with the problem), and that this matter be reviewed at an appropriate time.

Recovered Materials Special Committee 8.4.98

- 3 -

5. REPORT FROM THE PUBLICITY WORKING PARTY

The Solid Waste Contracts and Information Officer, as a member of the Recovered Materials Publicity Working Party, provided an oral update on recent activities and progress to date with the recycling campaign.

The meeting was advised that Strategy's "teaser" campaign had ended, and the "hard sell" is to commence on 18 April approximately. This will contain all the detailed information which the public needs to know of the scheme.

Points noted included:

- Onyx management is now established in Christchurch. Negotiations with WOPs over staff have been completed, and the majority of existing staff are preparing to sign on with Onyx.
- Trucks and operators are currently undergoing training at Wigram for the kerbside collection.
- Collection crates are to be delivered by Onyx to households during May/June/July.
- Launch of kerbside recycling is tentatively proposed for 5.30 pm on Thursday 30 April.
- City Scene, which will include the Mayor's letter, sponsorship issues, the city delivery map, and the details of what to do when the crate is delivered, is to go out in mid April.
- The crate information literature pack has been signed off.

The Committee **received** the information.

6. CENTRES OF EXCELLENCE PRINCIPLE

The Committee considered a report prepared by the CEO on the Centres of Excellence principle, which had been considered by the RMF Board at its meeting on 8 April 1998. The Committee was reminded that the RMF's Deed of Trust and objectives referred to stimulating the uptake of recovered materials by local business enterprises. To this end, the RMF will need to develop the most suitable (interested) enterprise to become proficient in dealing with a particular material. This may be seen as developing a "centre of excellence" (COE) for that recovered material. Enterprises which only mechanically process (eg bale) material for export will not be regarded as COEs.

Recovered Materials Special Committee 8.4.98

- 4 -

6 Cont'd

A COE is seen as a concentration of know-how, ability and capital equipment that may be used for product research, development, trialing or testing. The COE is at the disposal of the RMF and the broader recovered materials industry to provide a specialised service.

In order to facilitate these COEs, the RMF may provide grants (for moving or establishing on the incubation site), and loans (for purchase of capital equipment or development). These are funded from the projects budget at present, and eventually a proposed revolving loan fund will also be available. If necessary, loans from the project fund could be made in the interim.

To conform with the charitable status, the RMF cannot take a shareholding or equity stake in an enterprise. The RMF may earn revenue after the establishment of a COE, by either selling material to the enterprise; sharing in the profit or charging a royalty on the product sold. This revenue would then be applied to further the RMF's charitable objectives.

At its meeting earlier in the day the Board had approved the creation of COEs within the business sector, and noted that contracts with Southern Cross Bottle Exchange, Hurunui Plastics and Waitaha Glass will be structured along the lines of establishing appropriate COEs as follows:

Southern Cross Bottle Exchange (SCBE)

The RMF intends to support the washing and sterilisation of bottles on the incubation site with a grant of \$10,000 to improve and establish operations on site, and a loan of \$35,000 to purchase the Giesen steriliser. SCBE's contributions are their existing plant, expertise, business history, and marketing network. In return SCBE will pay the RMF for bottles supplied. This centre of (bottle reuse) excellence can guarantee supply and quality for local and other wineries not previously available.

Hurunui Plastics

The RMF intends to support the development of the granulation and eventual reformulation of post-consumer plastics, with a grant of \$10,000 as originally budgeted, and a loan of \$25,000 to complete the enhancement of their existing plant. Hurunui Plastic's contribution is their existing plant, their own investment, expertise and marketing network. In return Hurunui Plastics has proposed a contract which will allow the RMF a 50% share of the net profit of the operation.

Waitaha Glass

The RMF intends to support the establishment of a hot glass COE aimed at developing products and technology in the area of tilemaking and other specialised glass applications from recovered glass, with a grant of \$35,000 from project funds to Waitaha Glass. Waitaha Glass will supply an equivalent investment in labour and expertise, existing plant and the location.

22. 4. 98

Recovered Materials Special Committee 8.4.98

- 5 -

6 Cont'd

The meeting was advised that all loans will be secured by registered chattel securities over plant. In the case of grants, a similar security will be exercised until the intended operation is established and self-sufficient.

The information was received.

The meeting concluded at 3.00 pm

CONSIDERED THIS 22ND DAY OF APRIL 1998

MAYOR