

Tyrewise Webinar
Customs Brokers and Freight Forwarders
Federation of NZ Inc.

23 January 2024



Tyrewise

Zoom webinar functions

- The webinar will be recorded and made available on the Tyrewise website
- Participants are muted
- Questions will be addressed at the end during the Q&A session

Q&A Box is for any questions to the presenter



Chat Box is for any technical issues



Tyrewise

Introductions

NZ Customs

- Paula Pearce, Valuation, Origin and Classification
- Tsara Woolf, Senior Policy Analyst Revenue Policy.

Ministry for the Environment (MfE)

- Nathalie Le Bras, Senior Business Analyst/ Kaitātari Pakihi - Waste and Resource Efficiency Team
- Donna Peterson, Senior Analyst | Kaitātari Matua - Waste and Resource Efficiency Team

Tyrewise

- Adele Rose, CEO (3R Group Ltd, Tyrewise Scheme Managers)
- Sarah Clare, Data & Systems Manager
- Trevor Tutt, GM Operations
- Kiri Speirs, Marketing & Communications Manager
- Jason Richards, Onboarding Manager



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Agenda

- What is Tyrewise
- The Tyre Stewardship fee, how it was set and how it is collected
- Tariff Classification - role of the importer; role of the customs agent
- Live scenarios to work through
- Q&A



Tyrewise

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 stewardships 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!



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What is regulated product stewardship?

Tyrewise is a regulated product stewardship scheme. Regulated product stewardship is when regulations are used to:

- increase circular resource use following the circular economy concept
- place responsibilities for managing end-of-life products on producers, importers and retailers rather than on communities, councils, neighbourhoods and nature.

From 1 March 2024, tyres must be sold in accordance with the accredited tyre scheme and a *tyre stewardship fee* will be collected on all regulated tyres when they enter the Aotearoa New Zealand market to fund services of the accredited scheme.

Source: <https://environment.govt.nz/what-government-is-doing/areas-of-work/waste/product-stewardship/regulated-product-stewardship/#what-regulated-product-stewardship-is>



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How the Tyre Stewardship Fee is calculated

Covers the cost of future stewardship of the new tyre on which the Fee is paid

- Fee based on \$6.65 + GST per EPU (9.5kg passenger tyre av.)
- Fee is based on each tyre as a portion, or multiple, of an EPU (loose or on vehicles)
- Full list of Fees by tariff code published in the Regulation
- Full list of Fees can be found on www.tyrewise.co.nz

Revenue

9,456,112 EPUs (loose and on vehicles) imported (as of 31 December 2022)

Generates \$62,570,706 Tyre Stewardship revenue



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Declaration and initial collection of Fee

Declaration of volumes by tariff code

- Brand Owner First Importer directly with Govt agency
- Full detail of import volumes available to Govt agency only
- Aggregated volumes will be provided to Scheme Manager and used for reporting of mass balance
- Any disclosure of data in detail used for monitoring the performance of the scheme

Fees collected by Govt

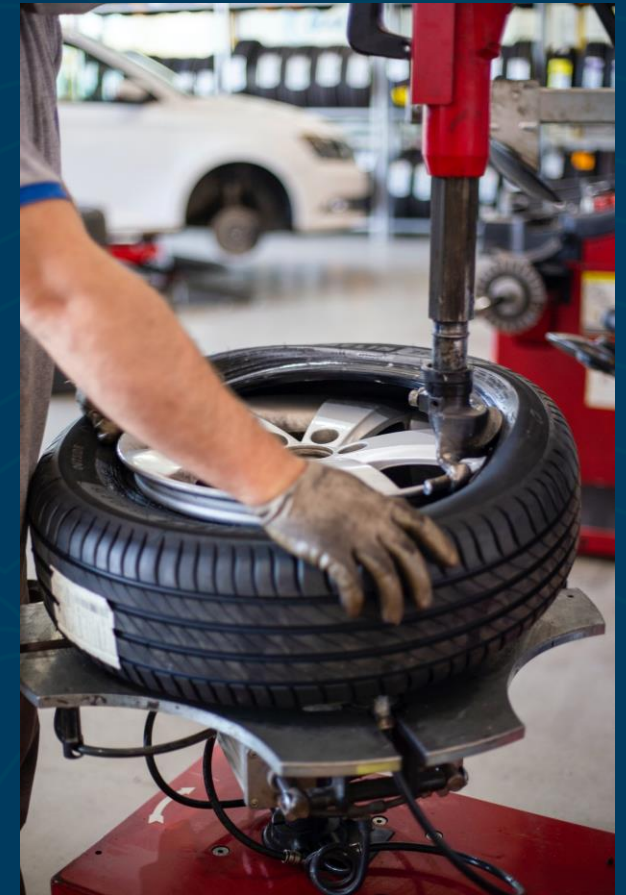
- Import of loose tyres - NZ Customs provide data to MfE who generate invoice
- Import of tyres on vehicles non-road registered - importer declaration via Tyrewise to MfE
- Import of fitted tyres - NZTA at point of first road registration included in on-road costs



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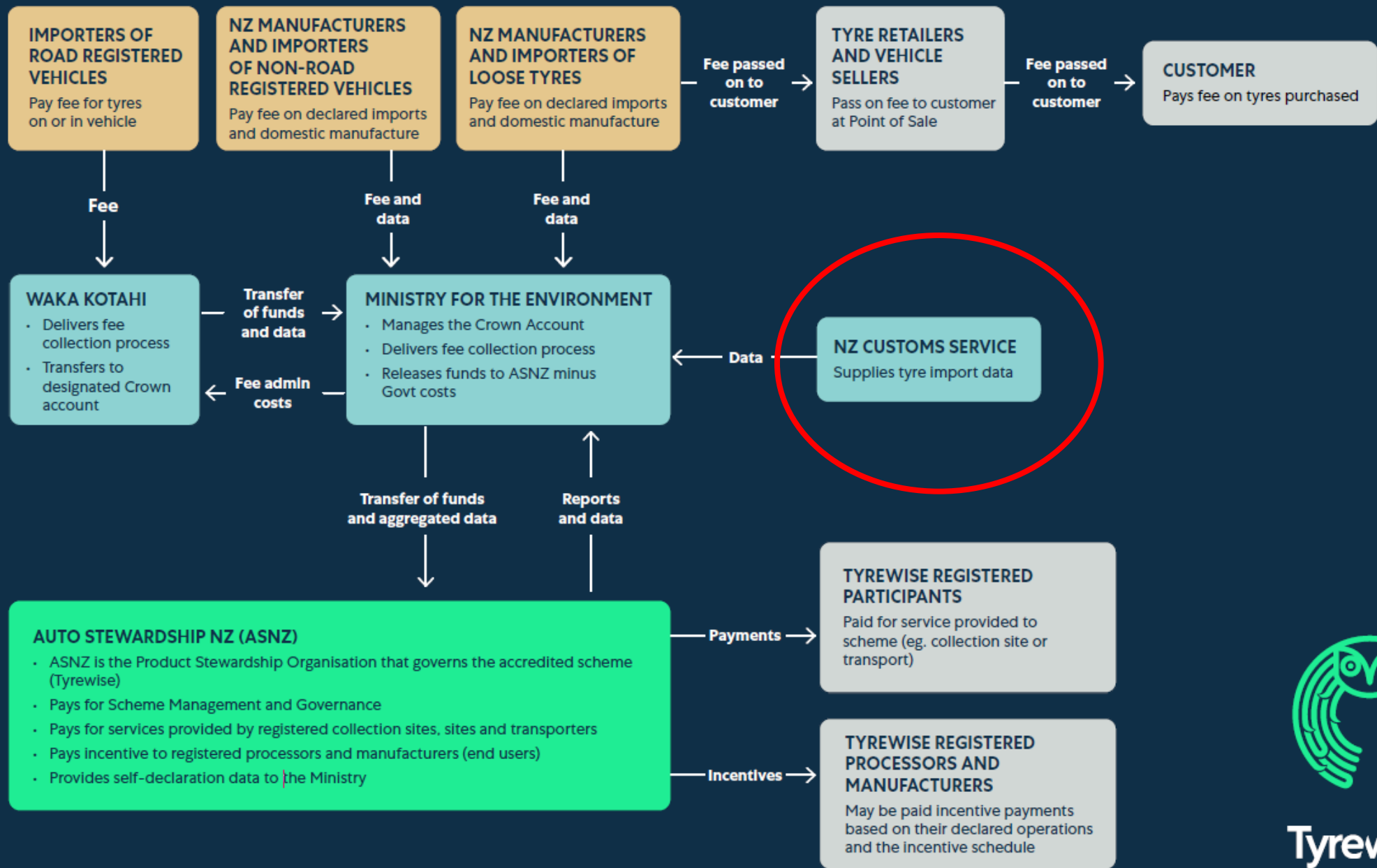
On charging of Fee

- **Importers** are responsible for paying the Tyre Stewardship Fee to Govt. on all tyres imported.
- **Retailers** are responsible for on-charging the Tyre Stewardship Fee to their customers on each new tyre sold.
- In the event the fee is not charged or paid by the consumer, the retailer will be responsible to pay the amount required.
- The wholesaler / distributor must transparently declare the value of the Fee they are passing on to retailer to oncharge their customers.



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TYREWISE - FLOW OF FUNDS AND DATA



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Fee collected at entry to market

- Mechanism is by using tariff classification of goods
- Number + Statistical Key [*Code + Unit*] = Goods description
- 40.11 New Pneumatic tyres, of rubber &
- 40.12 Retreaded or used pneumatic tyres of rubber; solid or cushion tyres, tyre treads and tyre flaps, or rubber.

Ideally, we would have a tyre weight per Tariff item and could set the Fee by weight. But we don't.

We worked with industry to map (band) vehicle type (tyres used by vehicle type), range of Tariff item used within that type and EPUs per tyre type (e.g. aircraft, tractor - small, passenger, off-road ATV....).



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Tyre type “band” used

Band Description	Avg Weight New Tyre	EPUAvg Weight/9.5
Aircraft	18	1.9
Construction/Industrial	48	5.1
Light commercials/industrial	19	2.0
Motorbike	4.75	0.5
Off Road (forestry)	42	4.4
Off road ATV	3	0.3
Passenger	9.5	1.0
Solid industrial (forklift)	34	3.6
Tractors - Large (internal rim diameter exceeding 508 mm)	77	8.1
Tractors - Small (internal rim diameter exceeding 230 mm but not e	25	2.6
Truck - Light	9.5	1.0
Truck - Medium	30	3.2
Truck, Bus	40	4.2

This was worked on by tyre importers and an average weight per band description formed. This Band Description was then used as the Group per Tariff Classification



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Tariff Classification mapping to Fee Table

This was consulted on publicly in 2021, feedback since and further refinement resulted in table set in Waste Minimisation (Tyres) Regulation 2023

Its not perfect and some refinement is envisaged.



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Waste Minimisation (Tyres) Regulations 2023

9 Fees for loose imported tyres

- (1) A person that is an importer of a loose regulated tyre of a type that corresponds to the tariff item set out in column 1 of table 1 in Schedule 2 must pay the fee set out in column 2 of that table.
- (2) The fee must be paid to the Secretary in accordance with regulation 13.
- (3) An importer is not required to pay the fee referred to in subclause (1)—
 - (a) if the Customs value of the importation entry containing those tyres is equal to or less than \$1,000; or
 - (b) if—
 - (i) the loose regulated tyre imported is a retreaded tyre for use on an aircraft; and
 - (ii) the importer produces evidence that a fee was paid under subclause (1) in relation to the same tyre.

Schedule 2 Fees for regulated tyres

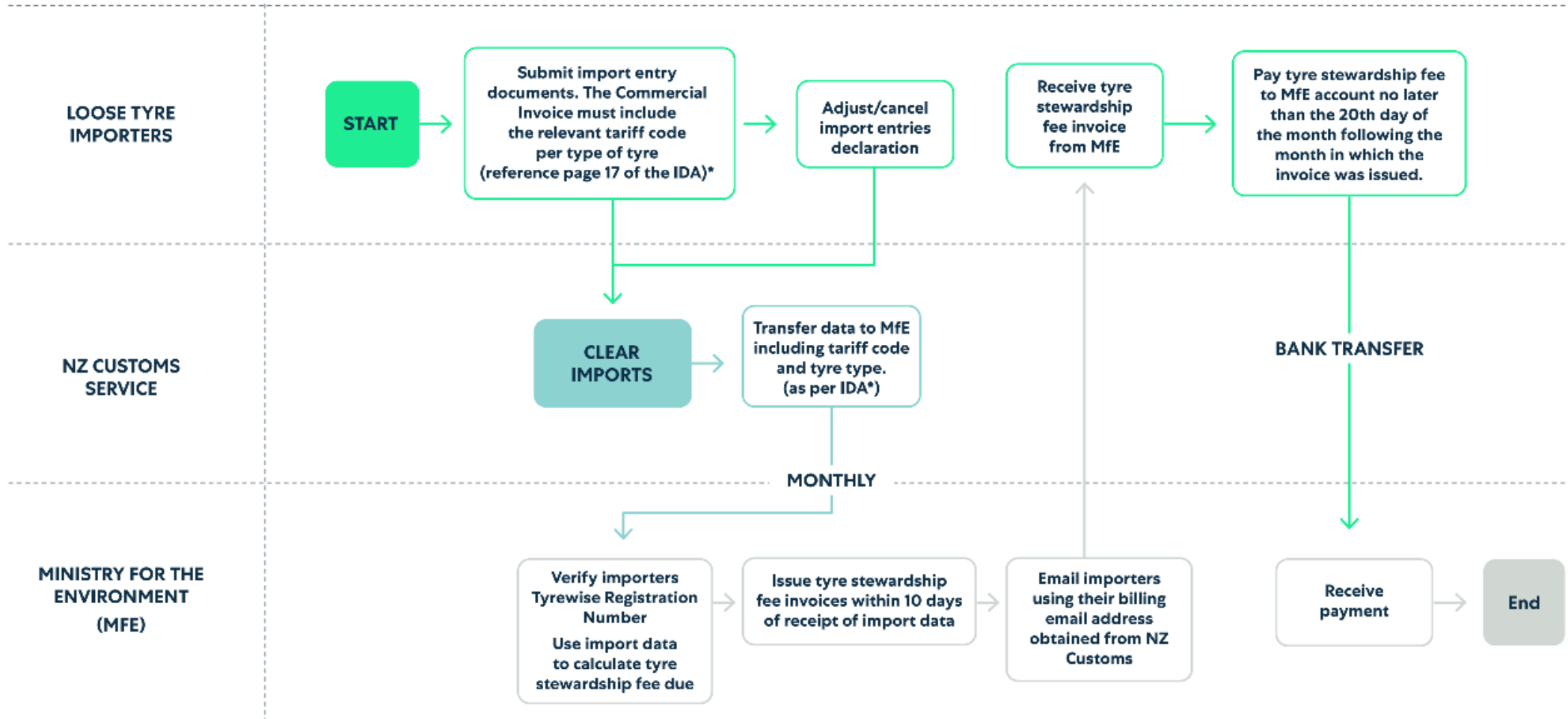
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Table 1 Fees for loose imported tyres

Column 1 Tariff item	Column 2 Fee per tyre (\$)
4011.70.00 39K	2.00
4011.40.00 00C	3.33
4011.10, 4011.20.03 01C, 4011.20.03 09J, 4011.20.03 11L, 4011.20.03 19F, 4011.20.12 01B, 4011.20.12 09H, 4011.20.12 11K, 4011.20.12 19E, 4012.11.11 00G, 4012.11.19 00H, 4012.20.01 01J	6.65
4011.30.00 00K, 4012.13.00 00D	12.64
4011.90.10, 4011.90.20, 4011.90.30, 4011.90.40, 4011.90.50, 4011.90.90 00L, 4012.19.11 00C, 4012.19.19 00D, 4012.20.01 09D, 4012.20.09 00A	13.30
4011.70.00 10A, 4011.70.00 23C	17.29
4011.20.03 21H, 4011.20.03 29C, 4011.20.12 21G, 4011.20.12 29B	21.28
4012.90.00 01H, 4012.90.00 09C, 4012.90.00 19L	23.94
4011.20.07 01J, 4011.20.07 09D, 4011.20.18 01L, 4011.20.18 09F, 4012.12.00 00K	27.93
4011.70.00 19E, 4011.70.00 21G, 4011.70.00 35G	29.26
4011.80.00, 4012.19.29 00K, 4012.20.19 00G	33.92
4011.70.00 11K, 4011.70.00 25K	53.87
4011.70.00 13F, 4011.70.00 29B	154.28
4011.70.00 15B, 4011.70.00 31D	420.95

TYREWISE STEWARDSHIP FEE (TSF)

INVOICING PROCESS FOR LOOSE TYRE IMPORTS USING NZ CUSTOMS DATA.



Tyre Stewardship Fee per SKU is already entered into POS, cannot be changed by Importer / Retailer

*An information sharing agreement is in place between NZ Customs Service and Ministry for the Environment to enable this process. It can be found at: www.customs.govt.nz/globalassets/documents/information-sharing-agreements/information-disclosure-agreement-customs-and-ministry-for-the-environment.pdf

The ability for invoices to be issued is set in Section 13 of the Waste Minimisation (Tyres) regulations 2023. A link to the regulations can be found at www.environment.govt.nz/tyre-stewardship



Avoiding mis-classification

Mis-classification of Tariff will impact directly on the sell price of tyres to the consumer which will manifest as an unfair commercial advantage / disadvantage.

This will be avoided by all parties using the same classification per type of tyre

- How do we get there?
- Are there further guiding documents for Customs Brokers & Freight Forwarders that can be written?

Secondary issue is impact on revenue to the scheme and funding available in the longer term

Some working examples



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Working Example 1 Passenger v Light Truck

Tyremax: Issue One Passenger v Light Truck where weight variation minimal						
Codes 2	Description (Chaper 40, Rubber & Articles thereof)	2022 Qty declared per Tariff	EPU	Big Group	new or used	Fee as per regulation
4011.10.09.11	[Tariff used to declare passenger tyres] Rubber; new pneumatic tyres, (not used in assembly), for motor cars (including station wagons and racing cars), radial ply steel belted tyres	2,288,317		1 Passenger	New	\$ 6.65
4011.20.18.09	[Tarrif used to declare light truck, visually identical & weight within 1kg] Tyres; new pneumatic tyres of rubber, of a kind used on buses or lorries, (not for use in motor vehicle assembly), internal rim diameter 495mm or more, radial ply	306,279		4.2 Truck, Bus	New	\$ 27.93

Tyremax: 265/50R20 passenger tyres are 4011.10.09 11E (= \$6.65) whereas the Light Truck rated version (which is visually identical and goes on the same vehicle) is 4011.20.18.09F (= \$27.93).

Q: Is this true for all tyres in 4011.20.18.09 Tariff?



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Working Example 2 ATV v Small Tractor Tyre

Tyremax: Issue Two Larger ATV tyre less fee than smaller Tractor Tyre						
Codes 2	Description (Chaper 40, Rubber & Articles thereof)	2022 Qty declared per Tariff	EPU	Big Group	new or used	Fee as per regulation
4011.70.00.39	[Larger ATV tyre declared using this code] Rubber; new pneumatic tyres having other than a herring-bone or similar tread, of a kind used on non-industrial types of agricultural or forestry vehicles and machines, other than tractors, graders and earthmoving vehicles;	37,290	0.3	Off road ATV	New	\$ 2.00
4011.70.00.10	[Smaller Tractor tyre by comparison to ATV declared using this code] Rubber; new pneumatic tyres having a herring-bone or similar tread, of a kind used on tractors, with an internal rim diameter exceeding 230 mm but not exceeding 508 mm	12,057	2.6	Tractors - small	New	\$ 17.29

Tyremax : 4011.70.00 39K (= \$2.00) covers a vast range of products from 3.00-4 implement tyres to ATV to very large non-directional implement tyres up to at least 800/45-26.5, and there are large volumes of implement tyres which are captured under this category (New Pneumatic Tyres... Of a kind used on agricultural or forestry vehicles and machines... Other... Other).

AND

23x8.50-12 tractor tyre is 4011.70.00 10A (= \$17.29) whereas the larger 26x12.00-12 ATV tyre is 4011.70.00 39K (= \$2.00).

Q: How do we better define this Tariff so that we can split the range of sizes out more fairly AND clearly?



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Working Example 3 Earthmover code?

Tyremax: Issue Three Is the earthmover code correct?						
Codes 2	Description (Chaper 40, Rubber & Articles thereof)	2022 Qty declared per Tariff	EPU	Big Group	new or used	Fee as per regulation
4011.70.00.15	Rubber; new pneumatic tyres of a kind used on agricultural or forestry vehicles and machines, having a herring-bone or similar tread, of a kind used on earthmoving vehicles	626	63.3	Off road (earthm	New	\$ 422.94
4011.70.00.31	Rubber; new pneumatic tyres of a kind used on agricultural or forestry vehicles and machines, other than a herring-bone or similar tread, of a kind used on earthmoving vehicles	1,078	63.3	Off road (earthm	New	\$ 422.94
	Which is the correct code to use for Earthmover? Could they be mis-classified given such big variation in EPU?					
4011.80.00.13	Rubber; new pneumatic tyres of a kind used on construction, mining or industrial handling vehicles and machines; and having a herring-bone or similar tread and having a rim size exceeding 61cm	718	5.1	Construction/In	New	\$ 33.92
4011.80.00.19	Rubber; new pneumatic tyres of a kind used on construction, mining or industrial handling vehicles and machines; other than a herring-bone or similar tread and having a rim size exceeding 61cm	2,501	5.1	Construction/In	New	\$ 33.92
	Will use of 4011.80.00 be sufficient (no need to add .13 & .19) - Regulation assumes all codes included in range					

Tyremax (& others) : I believe the wrong code has been for earthmover tyres. This is a very easy mistake to make but I believe there will be no tyres imported under 4011.70.00 15B or 4011.70.00 31D (both = \$420.95) as these codes are specific to earthmover tyres used on agricultural or forestry machines.

The correct code for earthmover is 4011.80.00 13K ('herringbone' tread over 61 cm rim diameter) or 4011.80.00 19J ('other' tread over 61 cm rim diameter) however the regulation just uses the catch-all code of 4011.80.00 (= \$33.92). This captures any pneumatic industrial tyres from 5.00-8 to 40.00-57 (and larger) under a single code.



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Working Example 4 Range of size in Tariff

TRS Yokohama: Issue Four - Range in size within Tariff						
Codes 2	Description (Chaper 40, Rubber & Articles thereof)	2022 Qty declared per Tariff	EPU	Big Group	new or used	Fee as per regulation
4012.90.00.01	Rubber; tyres, solid industrial	37,146	3.6	solid industrial	Used	\$ 23.94
4012.90.00.09	Rubber; tyres, solid, other than industrial	1,953	3.6	solid industrial	Used	\$ 23.94
4012.90.00.19	Rubber; tyres, cushion	2,862	3.6	solid industrial	Used	\$ 23.94

TRS Yokohama : 4012.90.00.01H covers all the tyres in the Solid industrial Tyres Spreadsheet, so there is no current dissemination from a small solid tyre from a very large heavy solid tyre. (2kg vs 2T plus). No difference in import coding.

Q: Can we use statistical codes to create more size range breaks?



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Working Example 5 Tariff range too great

TRS Yokohama: Issue Five - Range in size within Tariff						
Codes 2	Description (Chaper 40, Rubber & Articles thereof)	2022 Qty declared per Tariff	EPU	Big Group	new or used	Fee as per regulation
4011.80.00.10	[This code used to cover all construction / OTR tyres up to 24 inches that have a tractor lug type pattern (ie skid steer type tyres) has a wide weight range - 2kg up to 2T+] Rubber; new pneumatic tyres having a herring-bone or similar tread, of a kind used on construction, mining or industrial handling vehicles and machines and having a rim size not exceeding 61cm	15,199	5.1	Construction/ Industrial	New	\$ 33.92
4011.80.00.13	Rubber; new pneumatic tyres of a kind used on construction, mining or industrial handling vehicles and machines; and having a herring-bone or similar tread and having a rim size exceeding 61cm	718	5.1	Construction/ Industrial	New	\$ 33.92
4011.80.00.15	[This code used to cover all construction / OTR tyres up to and including 24 inches not a tractor lug style] Rubber; new pneumatic tyres having other than a herring-bone or similar tread, of a kind used on construction, mining or industrial handling vehicles and machines and having a rim size not exceeding 61cm	5,285	5.1	Construction/ Industrial	New	\$ 33.92
4011.80.00.19	[This code used to cover all OTR tyres 25 inches and above and will cover 95% of large construction / OTR tyres in circulation, but has a wide weight range - 50kg up to 2.5T+] Rubber; new pneumatic tyres having other than a herring-bone or similar tread, of a kind used on construction, mining or industrial handling vehicles and machines and having a rim size exceeding 61cm	2,501	5.1	Construction/ Industrial	New	\$ 33.92

TRS Yokohama : Same Tariff used across large range of weight.

Difference in TSF is 2kg = \$13.30 whereas 2.5T tyre is \$1,749.99 – our highest charge is \$420.95. \$33.92 won't cover the cost of managing a 2.5T tyre at end of life.

Q: What can we do to differentiate?



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Questions?

Get in touch

0800 897 394 | info@tyrewise.co.nz | www.tyrewise.co.nz

Manaaki whenua, manaaki tangata, haere whakamua.

Care for the land, care for the people, move forward.



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