

TYRES AND WASTE TYRES
Questions and Answers – September 2017

What's the Minister introducing?

A Producer Responsibility Initiative (PRI) review report on waste tyres, published in November 2013, contained a recommendation to introduce a full compliance scheme, underpinned by a visible Environmental Management Cost (vEMC) similar to what is in place under the WEEE regime, to deal with Ireland's chronic waste tyres problem

After public consultation the then Minister accepted this recommendation and in February 2015 announced that a full PRI Scheme (underpinned by new legislation) would be put in place and would be operated by Repak End of Life Tyres (ELT) with a registration and reporting role for the Producer Register Limited. In addition, the option to self-comply by registering with a Local Authority will be removed which will make it mandatory for anyone placing tyres on the market in Ireland to join the compliance scheme.

What is a Producer Responsibility Initiative/Organisation?

Broadly speaking, the producer responsibility initiative is an extension of the 'polluter pays' principle. It is intended to encourage businesses to recover value from their products at the end of their life and therefore reduce any adverse environmental impact which may result from the products they produce.

The Producer Responsibility Organisation (PRO)/Compliance Scheme approach allows producers to devise schemes that have the capacity to fulfil the basic objectives of waste management legislation in a collective manner. Five waste streams are currently operating under PROs in Ireland: packaging waste (Repak), Waste Electrical and Electronical Equipment, batteries (WEEE Ireland and ERP), End of Life Vehicles (ELVES) and farm plastics (IFFPG).

Is the Minister introducing a new tyre levy or a new green tax?

No. Consumers already pay a fee for the disposal of their old tyres whenever they buy a new one. This charge varies across the country from around €1.50 to €3.50

per tyre. This fee is not provided for in legislation but exists as an informal charge applied by tyre retailers. A major problem with this informal charge is that there is no accountability associated with it and no certainty for the consumer that the disposal fee they currently pay is being used for its intended purpose. The level of illegal stockpiles would suggest that it is often not properly applied.

The model that is being introduced will standardise and formalise a charge that tyre retailers already apply to purchases of new tyres by consumers and ensure that the fee they pay actually goes towards what it is supposed to support – the environmental treatment of waste tyres. As things stand, the consumer pays on the double – first, when they purchase new tyres and then again, through their taxation when local authorities remove illegal tyre stockpiles across the country. This charge ensures that waste tyres are fully accounted for and properly treated without the consumer paying twice.

Has the informal charge been visible to the public previously?

While the practice varies from retailer to retailer, many already do show a separate disposal fee at the bottom of their invoices. Whether it's explicitly identified to their customers, there is already some form of environmental charge, in some cases of up to €3.50 ex. VAT per tyre, levied by retailers on consumers purchasing new tyres. In many cases, it is not being used for the purpose it was intended for, i.e. to arrange for proper disposal and waste tyres are leaking from the recovery and disposal system.

Why is the Minister introducing a new scheme for waste tyres?

Quite simply, because we have a chronic problem with waste tyres in Ireland. A report published by the Department of the Environment, Community and Local Government in November 2013 found:

- Between 25% and 50% of waste tyres were not accounted for (with many being illegally dumped),
- A high rate of non-compliance with the Tyres Regulations,
- A lack of consistent and accurate data on tyres, and
- The system was not tracking data flows well.

In summary, this system, which has resulted in tyres being dumped illegally around our country, is failing to provide a proper waste management system for tyres and cannot be allowed to continue. The tyre industry is now being asked to do what operators in other areas such as WEEE (Waste Electrical and Electronic Equipment), packaging, batteries, and farm plastics have been doing for years.

Did the PRI Report on Tyres and Waste Tyres consider more than one way of dealing with waste tyres?

Yes. Various approaches to dealing with waste tyres were examined and considered in the context of the PRI review. However, having considered the scale of the problem and options for its resolution, the Report was unequivocal in recommending the introduction of new structures.

Will market distortion take place and if so how will this be dealt with?

Currently the single market facilitates cross border trade. Therefore, the flow of tyres from jurisdiction to another has more to do with currency fluctuations than making an environmental cost on a tyre more visible. The tyre industry contends that the vEMC will cause a distortion in the market, with non-compliant operators undercutting compliant ones. The Department is confident that a strong enforcement regime by the Waste Enforcement Regional Lead Authorities (WERLAs) and the EPA can address this issue.

What will the vEMC be used for?

The Environmental Management Cost (EMC) will cover the following:-

- Collection fee,
- Transport fee,
- recycling/recovery fee,
- Scheme management costs,
- Auditing,
- Marketing costs,
- Educations/awareness costs (information for public and the industry), and
- Contingency Reserve.

It's worth noting that the current charge which consumers pay to retailers when purchasing new tyres is only used for the collection of waste tyres.

With the new scheme, the consumer will receive greater value for money as the vEMC will be used to ensure the desired environmental outcomes which the current charge clearly did not achieve.

How will the vEMC be applied?

The cost will be a front-loaded visible (i.e. printed on all sales documents that quote the price of a tyre) Environmental Management Cost (vEMC) which involves the cost being applied by the economic operator (Producer/Wholesaler/Retailer) placing the tyre on the market for the first time.

Will the cost vary for different size tyres?

The vEMC will vary according to tyre category. The fees are:-

- Car tyres - €2.80 plus VAT,
- Small Truck tyres - €6.70 plus VAT,
- Large Truck tyres - €11.00 plus VAT, and
- Motorcycle tyres - €1.50 plus VAT.

When will the cost be formalised?

The vEMC for car and motorcycle tyres will come into effect on 1st October 2017. The vEMC for small and large truck tyres will begin on 1st January 2018.

What will be the cost for agricultural tyres?

The vEMC for agricultural tyres has yet to be determined. Because this is a niche market, there is not the same amount of data available in relation to these tyres to enable the Minister to set an vEMC. The vEMC for agricultural tyres will be set at zero in the new regulations. Producers of agricultural tyres will still have reporting obligations and the collection of this data will inform the Minister's decision on the level of fee to be set between six and twelve months from the introduction of the scheme.

Why didn't the Minister issue a request for tenders before appointing Repak ELT?

There is nothing unusual about the designation of a single compliance scheme for a particular waste stream. Indeed, the PRI review examined this aspect and concluded that “It is unlikely that licensing more Producer Responsibility Organisations (PRO's) with a national remit will lead to better outcomes in terms of cost.” This single compliance model already works in other very successful PRI sectors, for example, we have only one organisation operating the producer responsibility scheme for farm plastics in Ireland (IFFPG) and Repak is the only compliance scheme for packaging waste.

Prior to the establishment of Repak ELT on 1 November 2015, there was only one tyres compliance scheme (TRACS) in Ireland just as there is only one tyre compliance scheme in many EU Member States.

Can the tyre industry make an application to operate the scheme?

Under the Waste Management (Tyres and Waste Tyres) Regulations 2007 anyone, including the Irish tyre industry, can apply for approval to operate a compliance scheme for tyres. The new regulations also contain this provision. However, any such application will have to take account of the new reporting structure that is being put in place by the regulations which will oblige all tyre producers (i.e. all operators placing tyres on the Irish market) to register and give data to a “black box” which will be operated by Producer Register Limited as well as indicating how it will meet its and its member regulatory obligations.

Why is the self-compliance option being removed?

The ending of the self-compliance option (i.e. membership by tyre retailers and wholesalers of Repak ELT will be compulsory for all producers) was a recommendation of the PRI Review and is to ensure consistency and provide a level playing field for all economic operators. The evidence of non-compliance and the scale of unaccounted for tyres would indicate the previous system just wasn't working.

What will happen now to waste tyres collected?

Unlike all our other waste streams, there are no national or EU targets for the tyre industry to achieve at present. Targets for the recovery and recycling of tyres in Ireland will be assigned to the compliance scheme. In common with the targets set in many other European countries, it is anticipated that the targets would be graduated and increased over a number of years. Consideration will also be given to making a percentage of waste tyres available to companies who wish to use waste tyres for activities which are further up the waste hierarchy and in line with the development of the circular economy.

How many members does Repak ELT have?

Repak ELT has over 988 members covering approximately 1,218 premises.

How will the issue of commercially sensitive data be dealt with?

Security of data, particularly data that could be regarded as commercially sensitive, is of fundamental importance to the integrity of the model being developed. The Producer Register Limited (PRL) developed the WEEE Black-Box (WBB) in 2005 in response to Electrical and Electronic Equipment (EEE) producers' demands for a safe, secure and confidential site, where they could report their confidential sales data. At present, 1,320 WEEE producers report on a monthly basis across 10 categories and 30 sub-categories. The need to maintain confidentiality is so highly respected that the WBB is prohibited by legislation from disclosing information to any third parties including PRL.

WBB is a web-based reporting system and secure precautions are taken to protect the producers' data. Neither the PRL or Repak have ever experienced a data breach and their customers include major multi-national operators in the electrical and electronic sector, such as Apple, Dell, Sony and Tesco etc.

This "black box" is being expanded specifically to address concerns raised by industry in relation to the management of their commercially sensitive data.

Will this result in job losses in the tyre industry?

No. Economic operators who are in compliance with the Regulations have nothing to fear from the new structures. In fact, there is potential for the creation of green jobs in the waste tyre sector. Consideration will be given to making a percentage of waste tyres available to companies who wish to use waste tyres for activities which are further up the waste hierarchy and in line with the development of the circular economy.