

Presentation to the Environment Select Committee

6th September 2018

Thank you for the opportunity to present our submission to you today.

Please feel free to ask any questions of us as we progress through our submission or at the end, we are here to further answer questions about the issues we raise.

I am Christine Johnston General Manager of all 3 industry entities. Joining me is Rob Morgan Chair of CCCANZ and Pete Hutson Wellington Branch Chair of IRHACE. These gentlemen are volunteers and have day jobs in which respectively they own a wholesaling and importing company and Pete holds a leadership role in a major heat pump and commercial refrigeration and air-conditioning company. Both are clearly representative of our industry

In a paper we hand to you now we outline just who we are, but in brief...

As advised we speak in the main for the HVAC&R industry, including the membership groups IRHACE (independent engineers) and CCCANZ (industry companies) along with RLNZ our industry training trust. Everyone we speak for fully understands NZ's environmental needs, has worked with the MfE for many years on other Montreal Protocol matters. They are committed to supporting a smooth transition in to the ratification for the Kigali Amendment.

This amendment will affect our industry to the core. This phasedown of HFC's will impact our industry to a greater sense than any other environmental decision in our lifetime.

Whilst we support the phasedown in principle, we disagree firmly with several facets of the National Interest Analysis. These issues have in part been caused through a flawed collaboration and consultation process; and our submission today outlines 3 of those issues.

They are

- **Health & Safety** and how our industry seeks to provide a solution- based approach to support the phasedown
- **Pre-charged** equipment imports. This issue has been swept under the carpet and must be reviewed
- The **massive costs to industry** and in turn to business and the nation to support the new and interim refrigerants as the phasedown progresses.

Health & Safety

In your National Interest Analysis, you rightly acknowledge that alternatives to HFC's are highly flammable, toxic or volatile. This does represent a risk to Health & Safety.

Our industry is painfully aware of the risks involved. With an inexperienced technician taking on a massive project, out of his scope working with flammable refrigerants. That project was Tamahere in 2008 and that technician was an ex automotive air-conditioning technician with little or no skill handling volatile refrigerants.

As low GWP refrigerants start to predominate the risks to workers and public will be more and more profound while this industry remains unregulated and technicians are able to handle refrigerants without any mandatory credential

The National Interest Analysis cites the safety of other developed countries who are ratifying. But NZ is bereft of mandatory industry qualifications and credentials, in most of the other countries they are ratifying with well-established and long-standing credentials and training regimes. Not us.

Likewise, without closing the current loophole of lack of a mandatory credential and therefore adequate upskilling, there is the likelihood of technicians finding a workaround or shortcut even and taking unnecessary risk.

We fully support and welcome the work that Worksafe and MBIE are doing to regulate the industry and the use of Low GWP refrigerants along with encouraging a highly trained and qualified workforce in this sector

Precharged imports

Our industry cannot emphasise enough the issue, being importation of Precharged equipment and appliances. These include the vehicles, domestic refrigeration and heat pumps, and many commercial appliances for refrigeration and air-conditioning.

Under the current proposals, there is the real risk of businesses who currently import uncharged units to flout the phasedown by switching to importing those products precharged.

To clarify the issue further, we are confident that the amount of precharged equipment imported currently represents a premium of 40-50% of current total refrigerant quota. We ask you how the industry could possibly service that volume of refrigerant for service under the current quotas.

Let me tell you it won't be possible.

The risk, is for domestic appliances becoming redundant or even incorrectly charged as a workaround.

We foresee insufficient refrigerant being available to support operation of vital industrial coolstores. They are no plug and play quick fix.

Importing from some of the major producing nations there is an added risk of precharged supply of counterfeit refrigerant, especially as pressure on supply of HFC's in those countries increases in the phasedown. We have already seen this in NZ and it is a serious issue internationally.

As Precharged units do not come under any Product Stewardship Scheme such as that operated by Recovery NZ this policy will undermine the ability of the nation to support adequate collection and destruction of refrigerants. That is an environmental issue that can't be ignored.

We urge this committee to review the current proposals and put in place steps to address the precharged issue prior to ratification.

Cost to industry to support the transition

We are only some 20 years out from the prior phasedown of CFC's and HCFC's. That's within the working life of most of our members and their clients. They are still smarting from that transition, and the costs they incurred and are continuing to do so

Can I point out, those changes we are going to see aren't remotely 'like for like' to the CFC phasedown.

Then the refrigerants were easily swapped out with minimal disruption or cost. This phasedown will be far more complex and will require massive retrofitting or replacement to support the low GWP, high pressure, flammable and toxic refrigerants and along with the H & S implications we outlined earlier.

This is replacement of equipment that may have 20 good years ahead of it. That Capital cost will still be on most of those businesses books

There are many hundreds of these plants supporting primary production in the most fundamental way. They are possibly looking at tossing out millions of dollars of perfectly sound and workable equipment, for a refrigerant that is far more volatile.

The retrofitting or replacement will result in increased capital cost and ironically potentially lessened energy efficiency and increased operating costs. These businesses wonder what on earth is the long-term benefit, and if you take your environmental hat off you may too.

You also need to acknowledge that industry will look to recover that cost and business, trade or the public will be the unwitting recipients.

Any questions?

Thank you again for the opportunity to speak to you today, we would welcome the chance to continue any dialogue with you today, or in the future.