

# **SUBMISSION**

By

The Packaging Accord Governing Board



to the

**Local Government & Environment Select Committee**

on the

**Waste Minimisation (Solids) Bill**

## Introduction

This submission is from:

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1. We wish to appear before the Select Committee to speak on the submission.
2. The New Zealand Packaging Accord 2004 is a voluntary initiative to cut down on wasteful packaging and is the model for product stewardship in New Zealand. Those parties to the Packaging Accord have committed to achieving the following national targets for recovery of packaging by 2008:

Aluminium	-	65%
Glass	-	55%
Paper	-	70%
Steel	-	43%
Plastic	-	23%

Retailers have also committed to a 20% reduction in plastic shopping bags.

The principal parties to the Packaging Accord are the Packaging Council and Central Government, represented by the Ministry for the Environment. Endorsing parties are Local Government New Zealand and the Recycling Operators of New Zealand.

The Packaging Accord 2004 was signed by all parties on the basis that it is a voluntary product stewardship initiative to reduce the proportion of packaging in the total waste stream and that Government would only consider regulation if the voluntary approach does not provide sufficient improvements in reducing packaging waste.

The Packaging Accord is managed by a Governing Board, made up as follows:

Packaging Council of New Zealand	-	5 representatives
Ministry for the Environment	-	1 representative
Local Government New Zealand	-	1 representative
Recycling Operators of New Zealand	-	1 representative

The objective of the Governing Board is to oversee, guide, encourage and ensure the implementation and ongoing successful operation of the New Zealand Packaging Accord 2004.

- The *Ministry for the Environment* is a member of the Governing Board, however as the *Ministry* has been appointed adviser to the Select Committee on the Waste Minimisation (Solids) Bill they have abstained from this submission.
- *Local Government New Zealand* is an endorsing party to the Packing Accord and a member of the Governing Board. *Local Government New Zealand* is making a separate comprehensive submission to the Bill which has been prepared and approved in accordance with the organisation's governance arrangements. This submission of the Packaging Accord Governing Board has not been endorsed by *Local Government New Zealand*.

## 1.0 Summary

- 1.1 The Packaging Accord Governing Board welcomes the opportunity to make a submission on the Waste Minimisation (Solids) Bill (“the Bill”).
- 1.2 The Packaging Accord Governing Board Council does not support Parts 5 or 6 of the Bill relating to waste levies and product stewardship and recommends that they do not proceed. **This represents the majority view of the Board.**
- 1.3 Following the Government’s previous consultation on product stewardship and waste levies, the Select Committee should wait for the Government to make announcements on its decisions regarding product stewardship and waste taxes, since they are key aspects of the Bill, and then compare those decisions with the requirements of the Bill.
- 1.4 If the Packaging Accord was not approved under the Bill, then the extended producer responsibility (product stewardship) requirements in the Bill could see kerbside collection services in New Zealand collapse, and an enormous burden placed on retailers to receive all waste packaging.
- 1.5 The Packaging Accord is not the only voluntary initiative that could be under threat. Other examples include Tyre Track, a national system set up by the Motor Trade Association to make sure that all old tyres are managed responsibly, Resene’s PaintWise programme, which collects paint for recycling, Fisher & Paykel’s take back scheme for end of life white goods and Telecom’s and Vodafone’s take back schemes. All of these schemes have been developed by industry for industry and achieve their aims at least cost.
- 1.6 We ask that the Government announces its decisions on product stewardship and waste taxes and undertakes a full independent cost-benefit analysis for each part of the Bill before it proceeds any further.

## 2.0 Comments

This section provides the Packaging Accord Governing Board's position and views on Parts 5 and 6 of the Bill.

### Waste Levy (Part 5)

- 2.1 The Packaging Accord Governing Board is opposed to any levy structure which increases the cost of recycling. Direct costs could increase because recycling often creates a number of non-recyclable waste by-products. Indirect costs could rise if a levy is used to subsidise competition for segregated recyclables. A levy is likely to add further costs to industry, for whom landfilling some material is an unavoidable fact of life, often due to contamination or lack of market for the material.

### Extended Producer Responsibility (Part 6)

- 2.2 **This part appears to introduce a highly draconian form of extended producer responsibility (product stewardship), which the Packaging Accord Governing Board would not support** as it would appear virtually tantamount to a ban on imports of any products without full production histories and would place a huge administrative and logistical burden on New Zealand business.
- 2.3 In reality, such burdensome requirements will lead to widespread flouting of the system and without costly policing, importers would be able to avoid the system more easily than New Zealand business, which was the case with the HSNO Act before it was simplified.
- 2.4 We assume that the Packaging Accord would be approved under the Bill, but if not then brand-owners would have to operate collection facilities for all used packaging at the retailers premises, or within 5km, and an **A3 sign** would have to be posted next to every product in a store informing the consumer of where the packaging can be returned after use.
- 2.5 An independent economic analysis conducted by Covec on behalf of the Packaging Council of New Zealand estimates the total additional cost of waste packaging being returned to the point of sale to be between **NZ \$133.1 million** and **NZ \$175.3 million** per annum, with a medium cost of **NZ \$154.2 million** per annum, assuming the overall packaging recovery rate remains the same as today. *The final report will be available in time for the Select Committee's oral hearings.*
- 2.6 Aside from the enormous cost implications, this practice would see the complete collapse of kerbside recycling facilities in New Zealand, which are currently provided by over 77% of New Zealand councils.

- 2.7 The product stewardship requirements in the Bill are also contrary to the Ministry for the Environment's preferred option, and that of the largest group of submissions on the Ministry's discussion document, which would use voluntary mechanisms, with regulation as a safety net to fill in the gaps<sup>1</sup>.
- 2.8 The Packaging Accord Governing Board is also a strong advocate of voluntary extended producer responsibility (product stewardship) to achieve waste minimisation and would be in favour of measures to bring in 'free-riders'. This is consistent with the Ministry for the Environment's preferred approach as stated on page 12 of their discussion document<sup>2</sup>:
- "Regulation would then be considered only where no effective voluntary scheme could be developed and where there was a clear indication that there would be net benefit from such intervention".*
- 2.9 We are very concerned to see that this part appears not to make provision for successful existing product stewardship programmes, not just the Packaging Accord but also Tyre Track, a national system set up by the Motor Trade Association to make sure that all old tyres are managed responsibly, Resene's PaintWise programme, which collects paint for recycling, Fisher & Paykel's take back scheme for end of life white goods and Telecom's and Vodafone's take back schemes.
- 2.10 The Packaging Accord Governing Board does not support the concept of deposit fees on packaging and does not support container deposit fees. Deposit fee systems are inherently expensive compared to kerbside collection schemes.
- 2.11 Independent analysis by Covec on behalf of the Packaging Council of New Zealand has estimated the overall cost to New Zealand of a deposit refund scheme for beverage containers to be between **NZ \$61 million** and **NZ \$121 million** per annum (with a medium cost estimate of **NZ \$91 million per annum**). This would be on top of the existing costs of kerbside collection and is two to three times the cost of kerbside collection. Although an estimated additional 89,000 tonnes of packaging would be recovered, rather than sent to landfill, it would be at a cost of between NZ \$680 and NZ \$1,360 per tonne.
- 2.12 The Covec study also estimates that 78,000 tonnes of packaging would be diverted away from kerbside collections. This makes no sense when 95% of New Zealanders already have easy access to recycling facilities for all types of packaging; glass, paper, steel, aluminium and plastics 1 & 2. Diverting used beverage containers away from kerbside collections would make household recycling services less efficient and more expensive to operate.

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<sup>1</sup> Product Stewardship & Water Efficiency Labelling – New Tools to Reduce Waste – Summary of Submissions. Published in August 2006 by the Ministry for the Environment.

<sup>2</sup> Product Stewardship & Water Efficiency Labelling - New Tools to Reduce Waste – Discussion Document. Published in July 2005 by the Ministry for the Environment.

### **3.0 The Packaging Accord – Success Stories**

#### **Overview**

- 3.1. Packaging waste comprises only 12% by weight of the domestic waste stream, so contributes very little to the mass of material disposed at landfill. Nevertheless the packaging and package goods industry is highly responsible and takes its commitments under the Packaging Accord very seriously.
- 3.2. The New Zealand Packaging Accord 2004 is a voluntary five year initiative to cut down on wasteful packaging. Those signing it – the packaging & packaged goods industry, local and central government and the recycling operators – are voluntarily committing to doing what they can to reduce the proportion of packaging in our total waste stream. Accord signatories are aiming to save resources when they design, make and choose packaging and do their best to recover and reuse materials. This means producers and packaging users take more responsibility from the beginning to the end of the packaging lifecycle. This is an example of ‘extended producer responsibility (product stewardship)’, a core principle of the New Zealand Waste Strategy 2002, supporting sustainable development.
- 3.3. The New Zealand Packaging Accord 2004 is the culmination of two years work replacing the original 1996 Accord which concluded in 2001. The 2004 Packaging Accord is wider in scope than the 1996 Packaging Accord and defines those sector groups which must be involved to ensure its success.
- 3.4. The Packaging Accord 2004 has just come to the end of year two of the five year agreement and the successes of the programme to date clearly demonstrate that there is no need for regulation of the packaging sector.
- 3.5. In year one of the Accord, designated a ‘benchmarking and baseline data collection year’, we saw an increase in the overall packaging recycling rate from 51% in 2003/04 to 53% in 2004/05, up from less than 40% ten years ago when the first Accord was signed.
- 3.6. The recycling rates for year two of the Accord are in preparation and will be ready in time for the Select Committee hearing, but we already know that all the sectors have improved their recovery volumes on the previous year.
- 3.7. The Packaging Accord website ([www.packagingaccord.org.nz](http://www.packagingaccord.org.nz)) and the quarterly e-newsletter ACCORDing to PACKAGING provide an excellent source of information on all the on-going industry and government activities under the Accord as well as providing a wealth of information to New Zealanders on packaging recycling and how to do it.

#### **Aluminium**

- 3.8. The two dominant New Zealand producers of aluminium packaging have implemented a number of initiatives to improve the water and energy efficiency of their production processes further and reduce in-house waste. The weight of the average aluminium can has reduced by around 30%. Almost all councils offer collection facilities for aluminium cans and brand

owners are committed to driving improved recovery of aluminium by including the recyclable logo on each can to communicate that they are 100% recyclable.

### **Glass**

3.9. To mitigate short-term impacts of the change in the market for recovered glass, the industry recently established the Glass Packaging Forum to find long-term commercially viable alternative uses which will help provide sustainable glass recovery in New Zealand. The Forum has introduced a voluntary levy to generate funds to support these projects. In the first 3 months of operation, the Forum has provided up to \$100,000 to fund research projects which under its terms of reference will be made available to all recycling operators and councils. One of the most common open loop uses worldwide for glass is as aggregate in roads and the Forum has supported the development of a new road specification under Transit which could allow up to 5% of glass cullet in the base course for new roading. Other projects include:

- Trials in Palmerston North and Nelson to assess the commercial viability of crushing glass either separately or as part of a mix with other aggregate. This will provide a cost- benefit analysis of the two different trials which will provide valuable information for other councils.
- Financial Support to facilitate a co-ordinated South Island response to provide a glass specification for a leading Australian producer of engineered glass materials that requires 16,000 tonnes of high quality flint cullet.
- Support of a business plan by Amberly District to test the viability of producing “foamed glass” for the building industry.

### **Paper**

3.10. The rate of paperboard packaging recovered or prevented from going to landfill in New Zealand (approx 72%), is one of the highest in the world and compares well with the 50 to 60% obtained in countries such as the UK and Germany. The New Zealand manufacturers of paperboard packaging have virtually eliminated paper waste to landfill from the manufacturing process through recycling of off-cuts and changes in manufacturing processes.

3.11. Further gains will be achieved by manufacturers working closely with brand owners, retailers and recycling operators to develop innovative paperboard packaging, utilize recycled material in production of corrugated board and to ensure that the “close the loop” recycling logo is designed into packaging.

### **Plastic**

3.12. Although New Zealand consumption of plastic packaging is increasing, which is consistent with trends around the world for increased use of plastic packaging for food and drink products, the increase in plastics collection continues to exceed growth in consumption.

3.13. As a major part of its drive to improve recovery rates, the sector published its research project into sustainable end-of-life options for plastics. The report

contains an initial study of plastic material available for recovery in New Zealand; a statistical analysis of collected materials; an assessment of recycling infrastructure; comparisons to international recovery practices; an identification of key influences on plastics recovery and recommendations on improving recovery. In December 2005 and March 2006 Plastics New Zealand held seminars on degradable plastics and the sector is working on incorporating environmental content into the Diploma in Design and Specification of Plastics.

### **Steel**

- 3.14. All steel cans may be recycled, irrespective of their origin and can manufacturers and fillers are already recovering and recycling virtually all of their scrap from the manufacturing process.
- 3.15. As part of its overall communications strategy, the Steel Can Association of New Zealand launched a new identity for its recycling operation – CANZBAC. The CANZBAC website ([www.canzbac.co.nz](http://www.canzbac.co.nz)) is dedicated to promoting steel can recycling and provides information for householders, industry and local councils. As part of its public awareness programme, CANZBAC has compiled an excellent householders' information pamphlet and produced a "Lifecycle of Steel Chart".
- 3.16. The sector has also committed in Auckland to a 10 year steel can recovery arrangement in North Shore and Waitakere, providing baling and processing equipment for steel containers.

### **Brand Owners & Retailers**

- 3.17. Progressive Enterprises, Foodstuffs and The Warehouse all have in-store initiatives in place to reduce the number of plastic shopping bags used and are striving to meet their commitment to a 20% reduction by the 2009.
- 3.18. Representatives from New Zealand's leading brands participate in joint initiatives such as the Environmental Beverage Action Group (EBAG) and the Food & Grocery Council (FGC) Packaging Project Team with the overarching objective of reducing packaging waste to landfill.
- 3.19. With significant early input from the group, EBAG has co-ordinated event and out and about recycling trials at Auckland City's Coca Cola Christmas in the Park, Botany Downs Shopping Mall and the Ellerslie Flower Show. These events have provided a learning experience for the group with different collection methods trialled and have led to the development of an Event Recycling Guidebook.
- 3.20. As a direct result of Coca Cola's year long public place recycling trial at Botany Downs, the Ministry for the Environment has commissioned a study into the feasibility of introducing a nationwide public place network of recycling bins.
- 3.21. As a key part of their commitment to the Accord, New Zealand brand owners and retailers have taken the decision to use EANnet as a repository for key

product and mass balance data which will ultimately provide highly accurate data about the type and amount of packaging consumed in New Zealand from the point of sale. It is believed New Zealand is the first country in the world where this global supply chain standard is being used in this way to accurately measure packaging consumption.