SUBMISSION

by the

PACKAGING COUNCIL
OF NEW ZEALAND (INC)
(PAC.NZ)

to the

Green Growth Advisory Group

on the

'Green Growth – Issues for New Zealand'
Discussion Paper

19th August 2011

This submission is from:

Paul Curtis
Executive Director
Packaging Council of New Zealand (Inc)

Tel: (09) 271 4044
Email: p.curtis@packaging.org.nz
www.packaging.org.nz

Postal address
PO Box 58899
Botany
Auckland 2163

Physical address
77 Greenmount Drive
East Tamaki
Auckland 2013

INTRODUCTION

The Packaging Council's role is to assist our members minimise the environmental impact of packaging by championing cost effective, sustainable solutions and product stewardship.

The Packaging Council represents the whole packaging supply chain, including raw material suppliers, packaging manufacturers, brand owners, retailers and recycling operators.

The Packaging Council has approximately 120 members (Appendix 1). We represent more than 80% of the packaging manufacturing industry and 75% of New Zealand's top 100 food and grocery brands. Packaging Council members contribute approximately NZ$20 billion to the New Zealand economy.

The Packaging Council has been intimately involved in the development of environmental policy affecting packaging since at least 1996 when it signed the first New Zealand Packaging Accord. The organisation was involved in developing the 2002 New Zealand Waste Strategy, provided data for the 2006 review of targets and assisted with the research behind the Parliamentary Commissioner for the Environment's 2006 report 'Changing behaviour: Economic instruments in the management of waste'. The Packaging Council was a principle signatory to the second New Zealand Packaging Accord (2004 – 2009).

The Packaging Council launched its Packaging Product Stewardship Scheme[1] in July 2010, with a goal to have the scheme accredited by the Minister for the Environment under the Waste Minimisation Act 2008. The Packaging Council has also developed a Code of Practice for Packaging Design, Education and Procurement[2]. The objective of the Code is to assist stakeholders in the design, manufacture and end-of-life management of packaging to minimise its environmental impacts.

BACKGROUND

Sustainability, as defined by combining social, environmental and economic factors, is a continuum. At one end those companies who have no frameworks in place to address these factors to the other end of the scale where companies have systems in place which consider all of these factors and can clearly articulate their overall sustainable direction. As with all continuums the vast majority of companies are scattered somewhere in between.

The New Zealand business landscape is made up of mainly SME's who provide a stark contrast to the larger 'corporate' companies when it comes to sustainability.

The most likely difference is due to exposure. Larger companies tend to operate on a more global scale and hence would be aware of the growing pressures of sustainability reporting, and, the market barriers if a company cannot demonstrate an awareness of these factors, and show a commitment to addressing these factors. SME's on the other hand tend to supply to local markets where there are no such constraints to trade.

Given New Zealand's Economic Growth Agenda contains a strong push towards growth through exports of our primary produce, there is a clear danger that we will

[1] http://www.packaging.org.nz/packaging_stewardship/packaging_stewardship.php
[2] http://www.packaging.org.nz/packaging_info/packaging_code.php

not be able to realise the potential of our primary producing sector if we do not meet the demands of markets for transparency around sustainability factors.

GLOBAL PACKAGING SUSTAINBILITY

The world of packaging is technologically diverse and rapidly innovative. Many of the materials used today were not in existence five years ago and this trend of rapid development shows no sign of slowing. Adding to this is recognition that food delivery in particular will be a critical global issue for the future as population growth increases. Together, these trends combine to provide a framework for development of smarter materials to preserve, protect and prolong the shelf life of food. But the sustainability drive means it is not enough that these materials are economically, socially and environmentally responsible; it is necessary to actually prove this through demonstration of 'monitor and measurement' systems.

The ubiquitous nature of packaging and packaging waste has in recent years become a focal point for sustainability concerns. Unfortunately, it is a truism that the functions of packaging, containment, protection, etc. are completely overlooked by the consumer when faced with a package for disposal, giving rise to a situation where packaging has become the public face of waste.

The integrity of the product remains the number one focus for packaging suppliers, brand owners and retailers throughout the supply chain. However there is an ever present threat of the integrity of the product being compromised through sub-optimal packaging which is designed for end of life (disposal) considerations only, without due regard to the rest of the supply chain.

With increasing pressure on world resources, together with alarming statistics detailing the level of food waste globally, there is an urgent need to be able to understand and articulate the sustainability credentials of packaging to move the debate from that of waste creation to that of waste prevention.

During the last decade more companies have adopted reporting regimes such as the Global Reporting Initiative[3] (GRI) to embark on the 'sustainability journey'. There has, however, being a lack of performance indicators and metrics specifically to measure packaging sustainability.

In 2007 Walmart introduced its packaging scorecard[4]. This was the first time packaging sustainability was specifically targeted. The scorecard was shared with Walmart's global supply chain of over 60,000 suppliers. Walmart recognised that achieving its overall sustainability goals would be dependent on the ability of each company in its supply chain to use less packaging, utilise more effective materials in packaging and source these materials more efficiently relative to other suppliers. A flurry of other industry scorecards and measurement initiative followed but it was the work of the Consumer Goods Forum[5] which sought to bring all of these packaging related measurement systems together and harmonise the metrics across the consumer goods world through its Global Packaging Project[6].

Working from a global perspective, the Consumer Goods Forum was chartered to (1) define packaging's role in sustainability, (2) agree on common language/terminology to discuss packaging sustainability across the supply chain and (3) develop a standard set of metrics by which to measure packaging sustainability over its full life cycle.

Metrics pilot testing and validation work took place during 2010/11 by members of the forum such as Wal-Mart, Unilever, Nestle etc.; companies who are themselves at the forefront of 'sustainable' thinking. The project has been completed and release of the final master set of metrics is imminent.

Concurrent with this work, the International Standards Organisation (ISO) have also been developing a suite of standards for packaging and the environment[7]. The draft standards are a series of voluntary standards that address the optimisation of

[3] http://www.globalreporting.org
[4] http://walmartstores.com/sustainability/9125.aspx
[5] http://www.ciesnet.com
[6] http://globalpackaging.mycgforum.com
[7] http://www.iso.org/iso/iso_technical_committee.html?commid=52082

packaging to minimise its environmental impact. This includes the responsible use of heavy metals and other substances hazardous to the environment, the possible reuse of packaging, and the different modes of recovery (material, energy or composting). These standards should be published by the end of December 2012.

PACKAGING SUSTAINBILITY IN NEW ZEALAND

Despite all the work which has been developing globally in packaging sustainability for the last five years, both New Zealand government agencies and New Zealand companies remain largely unaware of these actions and therefore somewhat unprepared for the potential trade barriers they pose.

If New Zealand is to realise the aims of the Economic Growth Agenda it needs to be cognisant of the work that is happening in this global space. Our primary produce will not get to overseas markets without packaging. But is won't be sufficient in the future to send in packaging which doesn't employ the same set of indicators and metrics to measure environmental and social progress as per the dominant global suppliers.

This risk is especially pertinent for SMEs in New Zealand who largely do not have the expertise, or indeed a free resource, within their own operations to establish the measurement systems and regularly review and report on these. It is also true that despite the potential for cost savings, and efficiency gains, New Zealand SMEs remain surprisingly resistant to establishing even basic systems which would effectively set them on the journey of sustainability and provide the reassurance to both clients and consumers that they are 'on the journey', albeit only starting out.

As more demands are made on New Zealand companies through global supply chains this risk has a significant trade barrier potential.

From a packaging perspective we can identify several factors which are likely to prove an impediment to international trade if we cannot engage our SME's in sustainability reporting.

Within larger organisations there are personnel whose job roles specifically encompass sustainability, and sustainability reporting. Within the SME community generally any sustainability functions are an ‘add-on’ to another role, more often than not Health & Safety. The result of this is a lack of in depth knowledge on issues surrounding sustainability, and a lack of time available to dedicate to sustainability issues. Often this role falls to the ‘willing’ rather than those with specific skills in this area.

However, as performance indicators become globally harmonised, some degree of specific skill adoption will be required. As a rule the scientific and engineering disciplines lend themselves to establishing measurement and reporting systems. So it would follow these types of personnel would be who the task of meeting these requirements should fall to. This is perhaps a role for the scientific community, Crown Research Institutes (CRIs), etc. It would also be of benefit if these same institutions were to have a bigger role in certification of ‘eco-standards’ which would serve to put some ‘joined up thinking’ as to what a standard is, and how it can be measured.

The trade associations could also play an active role in this space. Traditionally trade associations in New Zealand have provided a means for companies to demonstrate a willingness to act as a collaborative body on industry issues, or more basically provide a forum for networking within the industry. In Europe and the US the role of trade associations tends to be a lot stronger in terms of their advocacy positions, membership services and engaged membership. It could be that stronger trade associations in New Zealand could offer consultative services for their members, providing a cheaper alternative to the professional consultants which remain out of the reach of many SME’s, although this would require a paradigm shift from the perception of trade associations to date.

There are also strong merits of ‘learning as we go’ versus having all the answers before we start. There is a role for government intervention in this area to drive the imperative from the top down starting within the larger companies. This is a particularly important role for government given the close relationship CEO’s and

MD's of larger businesses enjoy with Government Ministers and officials. Once they can be persuaded of the urgent need to show leadership within the business community this should then filter down to smaller companies through the supply chain.

SME's also have very limited ability to engage in clean tech and green tech. In the fast moving world of packaging innovation there is also a clear need for government intervention to provide a mechanism for smaller companies to group and engage. What form this intervention could take should be developed with a range of government agencies, CRI's, business and trade associations to ensure that maximum penetration is achieved within any one given sector. This approach would also be particularly useful in terms of understanding what funding sources can be accessed to ensure worthwhile business pursuits are not stymied through lack of appropriate funding streams.

RECOMMENDATIONS

As New Zealand is already an exporting nation with significant expertise in the complexities of getting fresh produce to distant markets we don't believe that it is necessary to invest in whole new structures to address the concerns we have raised in this document. Rather we consider that existing work carried out by the various government agencies involved in exporting and trade relations, CRI's involved in scientific research in the packaging area and businesses who are heavily exposed to the export sector should be better co-ordinated to ensure that New Zealand businesses are well placed to seize opportunities that global trends in 'sustainable' packaging present.

At a 'top level' we would summarise the actions we would like to see as:

- A greater sense of urgency around sustainability issues, and in particular the relation to global markets, communicated between government and industry.

- Better dissemination of export market requirements and/or expectations through government agencies such as NZTE and MFAT.

- Better dissemination of information, together with active collaboration between government departments, CRI's and industry regarding availability of R & D funding.

- Specific educational and skills training opportunities in the areas of sustainability and sustainability reporting methodologies.

The Packaging Council is well placed to offer assistance in these areas and would welcome the opportunity to be part of the development process to ensure New Zealand plays a proactive role rather than a reactive one.