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Environmental Reporting Consultation
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Consultation on the Topics for Environmental Reporting

Thank you for giving the Packaging Council of New Zealand (PAC.NZ) the opportunity to comment on the above consultation document.

PAC.NZ supports the Government's commitment to practical environmental reporting and the recognition such reporting contributes to good environmental management and New Zealand's quality of life and international brand.

We would be happy to elaborate on any of the points raised here as part of the consultation process.

Introduction

PAC.NZ represents the interests of industry in public policy and debate on packaging issues. Our members have a professional interest and, depending on the issue, a statutory obligation to manufacture 'fit for purpose' packaging which includes, but is not limited to, the environmental implications of packaging. Our products need to be safe in use, functional and cost effective solutions to the needs of exporters, retailers and consumers.

PAC.NZ represents the whole packaging supply chain, including raw material suppliers, packaging manufacturers, brand owners, retailers and recycling operators.

PAC.NZ has approximately 100 members, representing more than 80% of the packaging industry by turnover. The New Zealand packaging industry is valued at NZ\$2 billion. 75% of New Zealand's top 100 food and grocery brands are manufactured by Packaging Council members, contributing NZ\$17 billion to the New Zealand economy. Our members are "front and centre" in New Zealand's efforts to double export receipts through value-adding innovation.

PAC.NZ has been central to the development of practical environmental policy affecting packaging since 1996 when it signed the 1996 Packaging Accord with both Central and Local Government. PAC.NZ was a principal signatory to the 2004 New Zealand Packaging Accord (2004 – 2009).

PAC.NZ has developed and promotes use of the *Code of Practice for Packaging Design, Education and Procurement*. 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, including enhanced recyclability and responsible behaviour by end consumers. As such, the Code contributes to the objectives and concerns Local Government may have with respect to packaging, waste and recycling. This Code has recently been amended in response to the Fair Trading Act prohibition against unsubstantiated representations in trade and advertising.

General Comments

The discussion document identifies that "waste, litter and other human activities" as a pressure under the freshwater, land and marine topics. The example given on page 17 of possible measures to be reported on, references the impacts of agricultural nitrate pollution which is undoubtedly a concern but not as far as we are aware directly related to 'waste' and 'litter' issues. We are unclear exactly what aspects of 'waste' and 'litter' are of sufficient moment to warrant inclusion in Government's monitoring programme and, by implication, what information is lacking such that including these issues is deemed necessary.

PAC.NZ is concerned to ensure that fiscal expenditure on environmental reporting generates useful information capable of facilitating an improved environmental outcome. Our members are involved with waste reduction through manufacturing efficiency, package design and the operation of recycling facilities. Similarly, many forms of packaging encompass recycled content where it is efficacious to do so. The net result is that New Zealand's recovery and recycling rates compare favourably with rates achieved in other countries, as evidenced by data and information collated by the packaging sector over many years.

PAC.NZ's members, including packaging manufacturers and brand owners, contribute to litter reduction to the extent they can. For example by provision of collection and recycling systems, appropriate signage on packaging and through good design. Ultimately, the reduction in the environmental impact caused by litter requires a behaviour change by consumers and the community. To that extent it requires all stages of the supply chain to contribute to the solution. Local Government has powers under the Litter Act and/or the RMA to take action where solid waste and/or litter causes an environmental problem. Informal feedback is that Local Government are unwilling or unable to take punitive action

against those engaged in littering, suggesting they do not consider the environmental impacts of litter to be of sufficient moment as to warrant the necessary investment in time and resources.

Information collection and reporting can be costly. PAC.NZ suggest that much of the information related to waste volumes can, and is, collected by waste operators including landfill managers as a condition of Consent. This, or similar, information is collected, or can be extrapolate from, information collated for taxation purposes under the Waste Management Act. Our strong recommendation is that the Waste Minimisation Act and the Litter Act definitions of 'waste' and 'litter' are used in scoping reporting obligations to avoid the cost and confusion of collecting information that is not properly part of the problem of waste and litter in the freshwater, land and marine environments.

Recommendations:

1. Better quantify the environmental concern related to waste and litter such that reporting of such data is proposed for inclusion in national environmental reporting.
2. Review existing information and information collection opportunities to ensure that any proposed reporting of waste and litter does not duplicate reporting costs and obligations already in place.
3. Review proposed 'reporting' to ensure full advantage is taken of current enforcement and policing of waste and litter issues being undertaken by local and central government. Reconsider the relative worth of waste and litter as national reporting topics to ensure reporting effort reflects the actual level of action and therefore concern.
4. Limit reporting of waste and litter to materials and issues directly relevant to "waste" and "litter". As these terms are defined in the WMA and the Litter Act.

Comments specifically related to the Packaging Industry

PAC.NZ was formed in 1992 to provide an industry response to the issues of packaging and packaging waste in New Zealand. It successfully operated two Packaging Accords (1996 – 2000 & 2004 – 2008) in partnership with Central Government, Local Government and the recycling operators. The Accord model recognised that packaging and packaging waste issues required a product stewardship approach. The Accord Action Plans were undertakings by all Accord parties to take actions to reduce waste and encourage reuse and recycling within their areas of influence and control.

In 2008 enactment of the Waste Minimisation Act (WMA), essentially voided any opportunity to enter into further Accord agreements. That legislation dictates that appropriate management of all solid waste is to be achieved by imposition of a hypothecated levy (tax) on municipal solid waste, with the substantial funds generated being allocated annually to Local Government and to fund waste minimisation priorities.

The WMA introduced the concept of "Product Stewardship". In a departure from the understanding of product stewardship developed under the Packaging Accords, the

interpretation of product stewardship appears to have assumed the interpretation of Extended Producer Responsibility whereby manufacturers are assumed to have a greater responsibility for actions than others in the supply chain, including for actions outside their direct control. Perhaps as a result of this change in thinking, a concern has been expressed that Product Stewardship has not delivered the gains hoped for and that additional regulation and or taxes may be warranted.

A difficulty in responding to the above concern is that since the Packaging Accords, where the parties to the Accords agreed baseline data and targets, making trending and tracking of progress visible (Mass Balance Data), there has been a lack of any agreed baseline against which all parties efforts at solid waste reduction, including recycling, can be judged.

Mass Balance data continues to be compiled at PAC.NZ members cost. This work is contracted from an independent service provider to ensure integrity and comparability of data over time. Waste minimisation, including packaging waste recovery and recycling rates, compare favourably with comparable countries internationally.

PAC.NZ is not aware of information or advice suggesting current waste reduction efforts are inadequate. We are therefore very concerned that existing (unsubsidised) domestic recycling of glass, steel, paper and plastic could be challenged on our performance to date. We suggest that any such inference, created by the reference to waste and litter in proposed Government reporting, ignores prevailing commercial realities including New Zealand's:

- open economy;
- floating exchange rate;
- the legislated across-the-board compliance cost of the WMA's waste levy;
- the cost of cross contamination of domestic recycling, and;
- the absence of any sensible target or an agreed baseline against which progress could be judged.

PAC.NZ suggests that the WMA has created a platform for selective support of competing export-focused 'recycling', and 'trendy' recovery opportunities to the disadvantage of established and entirely commercial infrastructure and local industry. Data and reporting aimed at confirming, or correcting, this impression should be contemplated as part of national environmental reporting and as a useful step toward sustainable solid waste management in New Zealand.

If environmental reporting of packaging waste is to be contemplated under the auspices of national environmental reporting, it will be necessary to reach some consensus as to the baseline against which performance is judged. We suggest the baseline is not 2015, recognising that the rate of recovery for recycling is close to world class now and is subject to uncontrollable changes in global commodity value of the materials collected and reprocessed.

PAC.NZ suggests reporting on the value of on-going waste reduction achieved through annual distribution of the waste levy should be considered. This should expressly assess the efficacy of the distortionary (both positive and negative) impact of the levy on domestic recycling and domestic versus imported manufactures.

Recommendations:

1. Reassess what environmental reporting of waste is justified by reference to a specific and apparent environmental risk or impact.
2. If it is deemed appropriate, determine and publish the justified baseline against which waste is to be reported, including whether 2015, an earlier date or an international comparative benchmark is optimal.
3. Assess and report specifically on the negative distortionary impact of the allocation of levy funds on existing and unsubsidised domestic recycling.
4. Assess and report on the waste management outcomes of all those involved in the supply chain including the decisions made at local government level as to collection method.

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