



WASTE MINIMISATION (SOLIDS) BILL

ORAL SUBMISSION TO LOCAL GOVERNMENT & ENVIRONMENT SELECT COMMITTEE

SETTING THE SCENE – SUSTAINABILITY

The Packaging Council philosophically agrees with the aspirations of the Bill and the Prime Minister's aspirations for sustainability.

However, there are three pillars to sustainability:

- Environmental
- Social
- Economic

We feel that discussions on the Waste Bill to date focus on the first two, but not the third point.

Environmental objectives should **not** be limited to diversion from landfill only and the economics of material collection & recycling must be taken into account - **we do have time**. According to the Ministry for the Environment, waste to landfill is growing at a lesser rate than GDP & population growth, so we have time to get it right without rushing legislation through.

OVERSEAS EXPERIENCE – MOST RECYCLING ACTIVITIES WILL TAKE PLACE FOR ECONOMIC REASONS, REGARDLESS OF LEGISLATION OR FUNDING.

There is good reason to be optimistic. New generation of NZ collectors taking a wider variety of household and industrial waste, feeding a new generation of recyclers who are processing in New Zealand, e.g. contaminated plastics that previously went overseas.

Auckland, Manukau & Christchurch will be investing millions in state of the art MRFs, designed to take more material, which will help to create more markets.

WASTE IS AN OPPORTUNITY.

CONTAINER DEPOSIT LEGISLATION

An example of where the economics are not being considered.

We understand the strong emotional attachment to CDL, but it is a 1970's litter solution targeting about 5% of the waste stream. Whilst it may help collection, it will not help recycling and would compromise the new modern MRFs. Contrary to popular belief, we have never had CDL in New Zealand. We had a voluntary scheme based on re-usable bottles which largely phased out during the 1980s due to the changing market place with New Zealand competing on the international stage, both as a major importer and exporter.

An independent report commissioned by the Packaging Council shows that the costs would be up to **\$121M pa. 78,000** tonnes of material would be diverted from kerbside collections and waste to landfill would be decreased by less than **3%**.

Common sense should dictate that running two competing systems in parallel is not efficient, and the recycling operators in New Zealand will be compromised as material is diverted from kerbside collections. That is why CDL is not supported by the Recycling Operators of NZ and was discredited by the Australian Productivity Commission in a major recent report.

Additional vehicle movements will increase CO₂ emissions by approx. 8,000 tonnes pa at a time when transport efficiency is seen as 'low hanging fruit' for climate change policy development.

THE SOLUTION IS ALREADY IN PLACE – KERBSIDE COLLECTION

77% OF COUNCILS OFFER KERBSIDE COLLECTION, WHICH IS BY FAR THE CHEAPEST OPTION TARGETING A WIDER RANGE OF MATERIALS.

THE PACKAGING COUNCIL DOES SUPPORT PUBLIC PLACE RECYCLING AND ANY OTHER COMPLEMENTARY RECOVERY SYSTEMS.

WASTE LEVY

Waste levy is a tax, approximately **\$160M pa** at \$25 per tonne and is a blunt instrument, which only impacts at one point, i.e. the landfill gate.

The Packaging Council is sceptical that a waste levy will bring about a significant reduction in waste to landfill, based on the finding from Treasury in their 2001 Tax Review, the recent report from Business New Zealand and the findings of the Australian Productivity Commission, which discredited landfill levies.

Huge potential for perverse outcomes, e.g.:

- Increasing the cost of recycling certain materials
- Distorting competition through funding
- Increasing the potential for illegal dumping

THE SOLUTION

Investigate the root cause of the problem first. Landfill gate fees range from about \$20 per tonne up to nearly \$200 per tonne across New Zealand. Why do we have the huge disparity and why are privately owned landfills typically more expensive than council operated landfills?

According to the Parliamentary Commissioner for the Environment in their recent report, it is because many councils charge solely on the basis of landfill operating costs, which underestimate the real costs of landfill disposal, including the long-term management of the site. Local authorities should be required to calculate and charge

the full cost of disposal, which could bring the average gate fee from **\$70 per tonne** to **\$125 per tonne**.

The Australian Productivity Commission also advocates full cost accounting, as opposed to a levy, which builds the social and environmental costs into the gate fee.

If this fails, then investigate a levy.

Local authorities should also be required to consult with their neighbours. Why is Kapiti Coast District Council only collecting plastics 1&2? Why is the new multi-million dollar Auckland MRF only serving two councils rather than the whole region?

PACKAGING ACCORD

Packaging Council is strongly supportive of voluntary product stewardship, which motivates industry to achieve the best outcomes at the least cost. We would support backstop legislation to catch free riders, but not a wholesale regulated approach. To do so would devalue the importance of Corporate Social Responsibility as a competitive point of difference.

Under the Packaging Accord:-

- We are recovering more packaging than goes to landfill;
- All packaging types are significantly lighter than they were 10 years ago;
- Success is evident:-
 - We have the highest rate of paper recovery in the world (72%);
 - Steel is funding a major public awareness campaign;
 - Glass has introduced the first voluntary levy to develop alternative uses;
 - Plastics recovery is twice that of consumption;
 - Aluminium consumption has reduced by 13% (850 tonnes)
 - Retailers have reduced the plastic consumption by 8% (434 tonnes) and are launching a major public awareness campaign; and
 - Brand owners have introduced world leading application of bar code data to improve accuracy of consumption information.