



# **PAC.NZ**

**Packaging Council of New Zealand Inc.**

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## **LOCAL GOVERNMENT FUNDING REVIEW: FEBRUARY 2015 DISCUSSION PAPER**

Thank you for giving the Packaging Council the opportunity to comment on the above discussion paper.

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

### **Introduction**

The Packaging Council of New Zealand role is to represent the interests of industry in public policy and debate on packaging issues. Our members have a primary responsibility to manufacture 'fit for purpose' packaging which includes reducing the environmental impact of packaging through applicable and cost effective 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 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.

The Packaging Council has been directly involved in the development of environmental policy affecting packaging since 1996 when it signed the 1996 Packaging Accord with both central and Local Government.

The Packaging Council was a principal signatory to the 2004 New Zealand Packaging Accord (2004 – 2009).

The Packaging Council 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 to address the new Fair Trading Act prohibition against unsubstantiated representations in trade.

## **SUMMARY OF SUBMISSION**

A key theme identified in the discussion document is the need for local Government “...to ensure that it is.....open to finding the most efficient organisational forms through which to deliver services...”. There is a high level of expectation placed on the packaging industry by consumers to provide goods in recyclable packaging. It is a particular challenge for the packaging industry that there are 78 local authorities who each offer differing services related to the recovery of recyclable packaging. It is very often the case that the packaging material is recyclable but is not recovered by the local authority. This raises frustration amongst the consuming public on two levels:

- where they move from one local authority to another and;
- where they are personally motivated to “do the right thing” but the services may not exist to make that a reality.

Significant differences in approach by local authorities carries with it the risk of an unjust focus on industry who endeavour to provide recyclable packaging which is nevertheless destined for landfill due to the absence of any other option. Clearly this is an area where delivery of service is not efficient. Geographical challenges aside, a centrally co-ordinated approach would provide economies of scale and an opportunity for efficient services. It would also limit the risk of duplicated and competing services and encourage optimum efficiency where scale and location allows.

The waste minimisation levy, half of which automatically is distributed to local authorities, could perversely encourage waste to landfill – since more waste at the landfill gate means more levy raised. The waste minimisation activities undertaken by local authorities are discretionary and not mandated in any sense other than “activities to reduce waste”. Given the size of the levy the Packaging Council would contend that this fragmented distribution of responsibility and waste levy funding is a wasted opportunity to pursue significant national projects which would advance waste minimisation nationally, and logically in a more efficient manner.

Container Deposit Legislation is a policy which is frequently advocated by local authorities to drive increased recovery of beverage containers and/or address the issue of these containers

being littered. Similarly plastic bag regulation is another issue regularly raised by individual local authorities with the packaging industry, driven mainly by the litter issues resulting from inappropriate or irresponsible disposal behaviour. It is not efficient use of local authority resources and revenue to be individually promoting these issues, and/or putting in place local solutions creating chaos for both business and consumers alike.

Litter is a social issue. The Packaging Council would contend that it is illogical but a politically attractive 'easy target' for local authorities to assume industry should contribute disproportionately to litter prevention and clean up. Councils have ample capacity to regulate litter by way of imposition and policing of bylaws. A claim that litter is a problem is a concession that local authorities are not the appropriate arm of government for its effective management and/or a concession that current expenditure, including rating and revenue streams, is being spent inefficiently or inappropriately in this area.

Another significant area of concern for the Packaging Council relates to issues around the supply chain of consumer goods.

Most New Zealand companies utilising packaging maybe regionally centred, but transact with New Zealand-wide supply chains be they supermarkets, general merchandise retailers, pharmaceutical retailers and distributors, foodservice distributors etc., as a consequence local policy differences are a real impediment to growth.

New Zealand is largely a 'packaging taker' in the form of imported items where decisions around packaging are made offshore. Local authorities do not have the mechanisms to sensibly engage on border related issues or issues of global standards and international interoperability across global supply chains. The same applies for product designed for export from New Zealand.

As the delivery of consumer goods continues to evolve, particularly the growth of online commerce which has no geographical constraints, we suggest that this may put further pressure onto local authorities to deal with the downstream effects, such as recycling and waste management, encouraging local ad-hoc solutions which will further burden the consumer goods industry with un-necessary, localised compliance issues at best limiting growth potential for businesses, at worst commercially compromising businesses as they navigate up to a possible 78 local solutions.

## **IN CONCLUSION**

As the whole consumer goods industry becomes more globalised the consequence for industry of dealing with national issues at a local level is an unnecessary financial burden on both industry and the local authorities raising them. The packaging industry has demonstrated good corporate citizenship over many years through two Packaging Accords and a raft of voluntary initiatives to advance good environmental outcomes through a whole-of-life approach to packaging and packaging waste issues. Central Government mandate is to

advance the prosperity of the nation and to do so it is reliant on New Zealand business remaining profitable. Regulatory efficiency is not an unreasonable expectation of business and the community more generally. Business needs policy certainty so it can operate. Policy certainty includes certainty that the total cost of regulation will not increase disproportionately and out of step with the economy as a whole.

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