

## Wellington Regional Waste Management and Minimisation Plan

*Action R7: Enhance packaging design controls (PDCs) and extended producer responsibility (EPR) for packaging materials*

### **Background:**

The councils of the Wellington region have produced a Regional Waste Management and Minimisation Plan. As part of the Plan, the councils have agreed to lobby Government and industry to enhance packaging design controls and extended producer responsibility mechanisms. Hutt City Council is currently undertaking research to inform the regional lobbying position.

The majority of the Councils' recycling effort is spent collecting used packaging. The councils wish to see a reduction in packaging waste overall, as well as a fairer way of distributing the true cost of recycling packaging waste.

To assist with the preparation of this report, we are seeking input from stakeholders in the waste, recycling and packaging sectors. We'd appreciate it if your organisation could complete the attached survey and return to [caitlin.carew@huttcity.govt.nz](mailto:caitlin.carew@huttcity.govt.nz). **The deadline for responses is Thursday 17 January 2013.** Any questions about this survey can be directed to Jez Partridge, Environmental Sustainability Manager, Hutt City Council: [jez.partridge@huttcity.govt.nz](mailto:jez.partridge@huttcity.govt.nz).

### **Questions for stakeholders:**

**1. What does your organisation think of the current funding model for packaging recycling (whereby most councils bear the cost of recycling residential packaging waste)?**

The Packaging Council supports the current funding model whereby most post-consumer packaging waste is collected from kerbside and funded out of local rates. Typically this has been shown to be the most cost effective funding model. For example, the Australian Productivity Commission in 2006<sup>1</sup> concluded that:

*'Deposit-refund schemes are typically costly and would only be justified for products that have a very high cost of illegal disposal. Container deposit legislation is unlikely to be the most cost-effective mechanism for achieving its objectives of recovering resources and reducing litter. Kerbside recycling is a less costly option for recovering resources, while general anti-litter programs are likely to be a more cost-effective way of pursuing overall litter reduction.'*

**2. Is your organisation in favour of some form of Extended Producer Responsibility or Product Stewardship for packaging waste?**

The Packaging Council is in favour of voluntary product stewardship for packaging. In 2010 we launched our Packaging Product Stewardship Scheme, which is designed to meet the requirements of Part 2 of the Waste Minimisation Act 2008. This scheme is a voluntary industry initiative which demonstrates industry's continued willingness to act responsibly to reduce the

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<sup>1</sup> <http://www.pc.gov.au/projects/inquiry/waste/docs/finalreport>

environmental impact of packaging in New Zealand. The scheme builds on the successes of two five year 'Packaging Accords', signed by the Packaging Council and the Minister for the Environment in 1996 and 2004 respectively<sup>2</sup>.

The Packaging Product Stewardship Scheme has three key goals:

- improve packaging design and systems to reduce packaging waste,
- increasing reuse and recycled content of packaging, and
- enhancing consumer awareness and understanding of sustainable packaging.

Members of the Packaging Product Stewardship Scheme<sup>3</sup> report annually to the Packaging Council on their performance against the scheme's policies, procedures and key performance indicators, which includes adopting the principles of our Code of Practice for Packaging Design, Education and Procurement.

In just the second year since the scheme's launch, scheme members have achieved an impressive 93% diversion rate of packaging waste from landfill within their operations. Scheme members have also put considerable effort into embedding the principles of the 'waste hierarchy' (reduce, re-use, recycle) into their operations:

- 83% have put an internal programme in place to reduce the amount of packaging waste they send to landfill and to increase packaging diversion from landfill
- 89% have put packaging re-use systems in place and 83% use packaging with recycled content

In April this year we will be applying to have the scheme accredited by the Minister for the Environment.

**3. Of the following EPR or Product Stewardship mechanisms, which would be your preference? (Please elaborate on your reasons):**

- a) Take-back scheme for packaging**
- b) Container Deposit Legislation**
- c) Advance Disposal Fees**
- d) Improved labelling (regulating for clear, accurate and consistent labelling information about the recyclability of an item)**
- e) Mandatory Product Stewardship under the Waste Act**
- f) Other (please specify)**

The Packaging Council's preference is for (f), i.e. voluntary product stewardship.

**4. In particular, what is your organisation's view of the proposal to develop Container Deposit Legislation in New Zealand?**

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<sup>2</sup> <http://www.packaging.org.nz/index.php/sustainability/product-stewardship/packaging-accords>

<sup>3</sup> <http://www.packaging.org.nz/index.php/sustainability/product-stewardship/scheme-members>

The Packaging Council is not aware of any formal proposal to develop Container Deposit Legislation in New Zealand. Our position on Container Deposit Legislation is well known<sup>4</sup>. The Packaging Council does not support the introduction of container deposit legislation (CDL) in New Zealand on the basis that CDL would have no economic benefit and little environmental benefit to New Zealanders. CDL would cost up to \$90 million per annum, but would reduce waste to landfill by just 1.5%.

One of the fundamental provisions in Part 2 of the Waste Minimisation Act 2008 which covers Product Stewardship is that the Minister for the Environment, before recommending the making of regulations in relation to products, materials and waste, must be satisfied that the benefits expected from implementing the regulations exceed the costs. CDL in New Zealand would not meet this criterion.

The Packaging Council strongly supports voluntary packaging product stewardship and was a principle signatory to two Government recognised Packaging Accords (1996 and 2004). Building on the successes of these Packaging Accords, the Packaging Council launched its Packaging Product Stewardship Scheme in 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<sup>5</sup>. 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.

The Packaging Council also acknowledges that it is desirable that something is done to decrease litter in public places, thus it strongly supports investment to improve New Zealand's 'away from home' recycling infrastructure to capture the 10% of beverage containers consumed in public spaces, such as the Love NZ programme.

### **Supporting Information**

In 2008, the Packaging Council commissioned applied economics consultancy Covec to investigate the most efficient model for a container deposit refund scheme in the New Zealand context and to quantify the costs and benefits. Covec's model for a refund system is based on the best options available from the overseas experience whereby consumers would either take their drinks containers back to supermarkets or to recycling transfer stations.

Covec concluded that although a deposit refund scheme would increase packaging recycling by approximately 45,000 tonnes per annum, the net impact on New Zealand would be an additional cost of \$48 to \$90 million per annum<sup>6</sup>. Using the mid-range estimate, the additional annual cost would be around \$1600 for every additional tonne recycled, which, according to Covec, is approximately 10 times more than the cost of kerbside collection.

Their research also found that, in New Zealand, 60% of drinks containers are consumed at home, a further 30% of containers are consumed at restaurants and other entertainment venues and only 10% of drinks containers are consumed whilst people are in public places such as parks.

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<sup>4</sup> <http://www.packaging.org.nz/index.php/resources/our-position/container-deposits>

<sup>5</sup> <http://www.packaging.org.nz/index.php/sustainability/code-of-practice>

<sup>6</sup> <http://www.packaging.org.nz/assets/Uploads/Revised-Covec-CDL-Report-Final.pdf>

In May 2009 the Australian Environment Protection Heritage Council (EPHC) agreed to conduct an assessment of potential options for national measures, including container deposit legislation, to address resource efficiency, environmental impacts, and the reduction of litter from packaging wastes such as beverage containers<sup>7</sup>.

The assessment was aimed at assisting EPHC to determine:

- the nature and extent of problems that might presently exist with the management of beverage containers
- the effectiveness of existing legislation as it relates to the problem
- the rationale, if any, for further government action at the national level
- options at the national level to potentially improve the management of beverage containers.

In relation to container deposit legislation, the EPHC found that:

*“The Container Deposit Scheme (CDS) is relatively expensive at an economic cost of \$680 million per year. Unlike the other options which focus new investment only on the additional packaging and containers to be recovered, a national CDS would require significant changes to collection and handling systems for all beverage containers, including those already being more cost-effectively recovered through municipal kerbside systems. With an estimated additional annual recovery of around 333,000 tonnes of packaging materials (beverage containers) the cost-effectiveness of CDS is around \$2040 per additional tonne recycled. CDS could result in a 6.0% reduction in litter count or 19% by volume.”*

**When these findings are scaled down to the New Zealand context, they largely support the findings and costs in Covec’s report for the Packaging Council.**

**5. Australia is currently examining a range of regulatory options to deal with packaging waste, including co-regulatory product stewardship and a nationwide CDL scheme. Given the extent of Trans-Tasman trade involving packaged food and other goods, does your organisation feel that there would be any benefits in synchronising our policy with Australia?**

It is our understanding that the various options being discussed in Australia are similar to what we have already implemented in New Zealand. It is also important to note that there is already a close alignment between Australia and New Zealand on packaging product stewardship programmes. For example, the Packaging Council’s Packaging Product Stewardship Scheme is closely aligned with the Australian Packaging Covenant, our Code of Practice for Packaging Design, Education and Procurement is based on the Australian Packaging Covenant’s Sustainable Packaging Guidelines, and the Australian National Bin Network<sup>8</sup> is very similar to the model established by the Glass Packaging Forum and Love NZ.

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<sup>7</sup> [http://www.ephc.gov.au/sites/default/files/BevCon\\_Rpt\\_BCI\\_Revised\\_report\\_Apr\\_2010\\_2010\\_06\\_28.pdf](http://www.ephc.gov.au/sites/default/files/BevCon_Rpt_BCI_Revised_report_Apr_2010_2010_06_28.pdf)

<sup>8</sup> <http://nationalbinnetwork.com.au>

- 6. Much of the packaging used in New Zealand is imported into the country as packaged products. Does your organisation think that a border levy or similar for packaged goods is appropriate, to contribute to the cost of recycling?**

As previously mentioned, our preference is for voluntary product stewardship. The danger of increasing the cost of goods imported into a small market like New Zealand is that choice would inevitably become more limited.

**Additional questions for Packaging Council:**

- 7. How does PAC.NZ measure the success of the Packaging Product Stewardship Scheme? Using these measures, how successful has the scheme been since its inception?**

See Q. 2 and our Year Two Progress Report<sup>9</sup>. The media release is also attached.

- 8. Does PAC.NZ report on scheme members' progress against the Code of Practice for Packaging Design, Education and Procurement? If so, what have the results been?**

67% of scheme members have adopted the principles of the Code of Practice for Packaging Design, Education and Procurement.

Thank you for your assistance.

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<sup>9</sup> <http://www.packaging.org.nz/index.php/sustainability/product-stewardship/year-2-progress>