

Committee Secretariat
Environment Select Committee
New Zealand Parliament
Parliament Buildings
Wellington



15 March 2019

By email: en@parliament.govt.nz

To the Environment Select Committee,

The New Zealand Product Stewardship Council (NZPSC) is writing in support of:

Petition of Holly Dove and 15,450 others requesting that the House of Representatives urge the Government to establish a mandatory, nationwide container deposit scheme (CDS) in New Zealand with a commitment to at least 85% recycling rates.

The NZPSC is an independent voice for effective product stewardship on behalf of the wider community. Product stewardship places responsibility for a product's waste on the actors who manufacture, use or sell that product, rather than the general public. We support inclusive government, industry and community engagement in the investigation and implementation of product stewardship and related regulation, similar to successful international examples.

The case for a mandatory CDS for New Zealand is well made out in *The InCentive to Recycle*¹ report and in the advocacy surrounding The Kiwi Bottle Drive campaign. Our support on those grounds can be taken as read, though we summarise why the committee should take note of this issue as follows:

(a) CDS is effective

States and countries with a mandatory CDS see recovery rates of bottles as high as 90 percent. Currently, **New Zealand recovers about 30-40 percent of all beverage containers**; the rest are landfilled or littered (even those that are recovered are not necessarily diverted in optimal ways given non-CDS collection systems generally have higher rates of contamination).

This is not good enough. Materials like glass and aluminium are not only infinitely recyclable, but require large amounts of energy to produce from virgin materials, so landfilling and littering them is economically and environmentally inefficient. Plastic bottles are usually made of either HDPE or PET, which are not only the most recyclable forms of plastic, but are mostly able to be processed onshore (in fact our on-shore processors have capacity to take more recycled content).

A mandatory CDS for New Zealand would divert more recyclable waste from the litter and waste stream than the plastic bag ban, while also injecting money back into local communities who can redeem bottles for cash, or even raise income as a drop-off point for bottles.

(b) CDS is easily implemented

This petition's demands can be achieved without the need for further legislation. The legal powers to set up a mandatory CDS are all contained in the Waste Minimisation Act 2008. This Act was passed with cross-party support following a two-year select committee process. Furthermore, pre-

existing recycling operators already have capacity to act as drop-off points and many community groups, businesses and supermarkets will be ready to as well if economically incentivised.

(c) CDS is popular and politically palatable

CDS is a popular policy amongst the public, local government, recyclers and even political parties. Surveys have shown over 80 percent public support for CDS.ⁱⁱ Over 90 percent of councils have supported Local Government New Zealand remits calling for a mandatory CDS.ⁱⁱⁱ Many organisations operating in the waste and recycling industry support CDS, including the TA Forum of WasteMINZ (New Zealand’s largest representative body of the waste, resource recovery and contaminated land sectors),^{iv} and those who have signed the Kiwi Bottle Drive open letter, including the Zero Waste Network, Para Kore, and Flight Plastics.^v

In Parliament, several political parties already openly support CDS. The Green Party has included CDS as party policy for many years; The National Party recently announced that they back CDS in their environmental policy discussion document. Other political parties have not yet expressed an official position, but no party has openly opposed it.

In this correspondence, we wish to emphasise matters of additional importance that might not otherwise arise during the committee’s consideration of this petition. In particular:

1. Why CDS is a high priority policy whose time has come in the context of New Zealand’s waste policy landscape
2. The procedural steps that are necessary to realise the demand articulated in this petition.

CDS in the context of New Zealand Waste Policy and Legislation

1. Mandatory CDS is high priority waste policy

Effective waste policy is long overdue in New Zealand to overturn decades of neglect.^{vi} We have major waste problems for which we are underprepared, highlighted by (among other issues): the recent exposure of a legacy landfill on the West Coast; the fact that China’s blocking of recycling imports sent our recycling system into a tailspin; and data indicating New Zealand produces some of the highest rates of waste per capita in the OECD, if not the world.

Turning the tide on our wastefulness is a big task. We should embrace as many ‘low-hanging fruit’ waste policies as possible: policies that are simple, but effective, broadly popular, and which overseas experience has already shown work. CDS fulfils all these criteria and should be high priority.

And yet, at this petition’s presentation to Parliament, the Minister described CDS as “low priority” because it is not on the Government’s Waste Work Programme. This statement merely begs the question of why CDS is not on the work programme given that CDS could produce major waste minimisation benefits to New Zealand, relative to costs.

2. CDS is a good example of how product stewardship can maximise benefits from investing in onshore processing plants

Recently, much attention has focused on how New Zealand will manage China’s decision to block imports of plastic recycling. Successive announcements have made clear that the Coalition Government will focus on investing in processing plants so that we can deal with more of our

waste onshore (recently reiterated on 10 May 2019^{vii}). We agree with this approach, but without supporting regulation like CDS, this new infrastructure will not operate to its fullest potential.

Under the previous government, Flight Plastics received a large grant from the Waste Minimisation Fund to build New Zealand's first PET wash plant, which enables the plant to use clear PET from New Zealand's recycling stream in its plastic products. The plant has capacity to take more than the entirety of New Zealand's clear PET waste. However, it currently operates at about one third capacity because of New Zealand's low recovery rates of clear PET. Flight Plastics strongly supports mandatory CDS given it would boost recovery rates.

Similarly, in the case of glass, despite already having a glass recycler in New Zealand (in Auckland), large quantities of New Zealand's glass (particularly in the South Island), never makes it to the recycling plant, either because of poor collection methods that result in contamination, or the cost of transporting collected bottles to the plant. Mandatory CDS could ameliorate both these issues.

With the present Government's avowed intention to invest in more onshore processing plants, we want to underscore the importance of complementing investment in local processing infrastructure with regulation and policy that allows us to get the most out of this use of public funding. Spending money on expensive processing plants is only one part of the picture; we also need to align our policy and regulation with this expenditure to ensure that new and existing plants actually receive the materials they were built for.

3. We do not need further initial examination of CDS in the New Zealand context to advance this matter to public consultation

The Minister addressed the crowd at the delivery of the present petition, explaining that any CDS would need to work for the New Zealand context, adding that one of the difficulties with prioritising CDS is that three New Zealand reports have been produced that 'contradict each other', so independent work by the Ministry is needed before this matter could go to public consultation.

We presume that the reports the Minister was referring to are:

- Envision New Zealand (2015) *The InCENTive to Recycle: the case for a container deposit system in New Zealand*, Auckland: Envision New Zealand.
- COVEC (2016) *Evaluating the costs and benefits of introducing a container deposit system for New Zealand*, prepared for The Packaging Forum.
- Davies, P. (2017) *Cost-Benefit Analysis of a Container Deposit Scheme*, prepared for the Auckland Council, Wellington: Sapere Research Group.

That these reports contradict each other is not technically correct. *The InCentive to Recycle*, published by specialist waste consultancy Envision, strongly favours CDS. The subsequent COVEC report, commissioned by The Packaging Forum, opposes CDS. As such, these first two reports were contradictory.

Recognising this impasse, Auckland Council commissioned Sapere Research Group to conduct an independent CDS cost-benefit analysis. This analysis used economic modelling to compare the conflicting figures raised in the Envision and COVEC reports and to offer an independent assessment of CDS' possible benefit in the New Zealand context. The report concluded that **on a worst-case scenario the benefits of a CDS would be at least twice the costs, but on a best-case scenario could be as high as six times the costs.** We view these findings to be emphatic.

Given this series of reports, we consider that **the arguments for and against CDS have received a level of analysis beyond the norm for a single-issue waste policy**. We do not believe that further independent analysis is necessary to begin progressing CDS under the WMA, especially given that the process set out in the WMA already requires rounds of research and consultation. As noted below, the proposal will need to go to public consultation, after which, a Ministry-mandated working group can begin to develop the best model for New Zealand, should the proposal receive sufficient levels of support in the consultation phase.

This process will also necessarily ensure that any CDS will be tailored to the New Zealand context, which we agree is important. However, we wish to emphasise that the overseas evidence on the efficacy of mandatory CDS is compelling. Thus, while local context is important for considering *how* we might design our CDS, to argue that New Zealand might be so unique as to render overseas evidence inconclusive for assessing the likely benefit of CDS for our waste and recycling system in the first place, is dubious.

What next? Necessary procedural steps for realising the demand articulated in this petition.

4. The Minister should declare beverage containers a ‘priority product’ under s 9 of the Waste Minimisation Act 2008 (WMA)

As set out in our report, *Happy Returns* (attached), the pathway to achieving what this petition calls for begins with the Minister declaring beverage containers a priority product under s 9 of the WMA (following consultation with the public). This declaration would then trigger the requirement that beverage containers be subject to a product stewardship scheme (in this case, a CDS). Such a declaration should take place sooner rather than later.

We are aware that some pro-CDS groups seek to establish a working group to develop a model CDS that could then be presented to the Minister for consideration in deciding whether to declare beverage containers a priority product or not. We believe this ‘scheme design’ step should follow a s 9 declaration rather than precede it. This is because a declaration is the only guarantee that a scheme *will* be implemented. This path also avoids undue delay because once a priority product is declared, a scheme must be developed (and then accredited) within a set timeframe.

5. Not all CDS are created equal

There are many different ways that a CDS could be designed and run. NZPSC supports a model along the lines of that set out in our report *Happy Returns*, which is self-funding and would deliver the best outcomes on a range of measures, both environmental and social. Importantly, the scheme should be run at arms-length from industry to guarantee the highest recovery rates and to promote/safeguard community outcomes (i.e. the opportunity for community groups or centres—such as scouts or marae—to raise revenue by operating drop-off points).

We are concerned that the proposal in the National Party Our Environment Discussion Document—that government could simply set a high bottle recovery rate and then leave businesses to achieve that—risks industry capture of the scheme and the loss of significant potential community benefits.

6. Scheme design is important

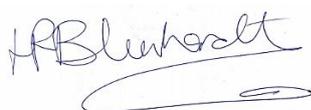
After beverage containers are declared a priority product, a product stewardship scheme must be developed to go before the Minister for accreditation. The WMA is largely silent on the process

of product stewardship scheme design, but this step is of upmost importance for ensuring effective CDS.

As explained in *Happy Returns*, to ensure the best CDS model, the Ministry for the Environment should oversee a design process led by an expert group of stakeholders from industry, government, local government, community groups and for-profit and non-profit recyclers. Industry expertise is essential to ensure an effective scheme, but we underscore how crucial it is that the community, public and non-profit interest is equally represented, with a seat at the table, during the scheme design phase.

We are available to provide the select committee with any further information, if desired.

Ngā mihi,



Hannah Blumhardt
Coordinator
New Zealand Product Stewardship Council

ⁱ Envision New Zealand (2015) *The InCENTive to Recycle: the case for a container deposit system in New Zealand*, Auckland: Envision New Zealand.

ⁱⁱ TA Forum (2017) Cost-Benefit Analysis of a Container Deposit Scheme: summary report and FAQs, <https://static1.squarespace.com/static/539a5fdee4b09201c768daef/t/5a25e1c324a694db5acab5dc/1512432077409/Cost+Benefit+Analysis+of+a+CDS+Summary+Report.pdf>

ⁱⁱⁱ See for example, <https://www.lgnz.co.nz/news-and-media/2016-media-releases/eight-important-issues-debated-at-local-government-new-zealand-agm/> and <https://www.lgnz.co.nz/news-and-media/2018-media-releases/local-government-debates-key-issues-at-annual-conference/>

^{iv} TA Forum (2018) Local Government Waste Management Manifesto, <https://www.wasteminz.org.nz/wp-content/uploads/2018/01/LocalGovernment-Waste-Manifesto-final-22012018.pdf>

^v <https://kiwibottledrive.nz/dear-beehive/>

^{vi} Hannon, J. (2018) *(Un) Changing Behaviour: (New Zealand's delay and dysfunction in utilising) economic instruments in the management of Trashing Waste: unlocking the wasted potential of New Zealand's Waste Minimisation Act*, submission to the Parliamentary Commissioner for the Environment prepared on behalf of the New Zealand Product Stewardship Council; Blumhardt, H. (2018) 'Trashing Waste: Unlocking the Wasted Potential of New Zealand's Waste Minimisation Act' *Policy Quarterly*, 14(4), 13-26.

^{vii} Eugene Sage (10 May 2019) Plan to Recharge Recycling. Press Release accessible at <https://www.beehive.govt.nz/release/plan-recharge-recycling>.