

Submission

Transforming Kerbside Recycling Consultation

To Ministry for the Environment

From the Employers and Manufacturers
Association Northern Inc

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Contact Details

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The Employers and Manufacturers Association (Northern) Inc. accepts this submission being publicly available and is available for further consultation.



About the Employers and Manufacturers Association Nth Inc (EMA):

The EMA has a membership of more than 4,500 businesses in the Upper North Island employing around 320,000 New Zealanders.

Our membership covers the range of business from SME to large corporate and sectors from manufacturing, distribution, services through to retail.

The EMA advocates on behalf of its members to bring change in areas which can make a difference to the day-to-day operation of our members, such as RMA reform, infrastructure development, employment law, skills and education along with export growth.

The EMA advocates for good regulatory practice when establishing new or updating existing regulations affecting business.

The EMA is supportive of good environmental regulation that empowers business to respond positively without punitive penalties and is internationally aligned with best practice.

We have a solid reputation as a trusted and respected voice of Business in New Zealand, and our presence makes a difference.

Summary

The Employers and Manufacturers Association (Northern) Inc welcomes the opportunity to comment on the Transforming Kerbside Recycling Consultation, the Container Return Scheme and the business food waste proposals.

The Employers and Manufacturers Association (Northern) Inc represents a significant proportion of business in the upper half of the North Island.

While most of our members are New Zealand-based companies manufacturing for local consumption and/or exporting to the world (generally in the SME category), our membership also represents a number of multinationals.

As a responsible industry association, we are supportive of the principles of waste reduction relating to packaging waste, building waste and by-product waste and encourage sustainability. Many of our members subscribe to voluntary programs designed to improve products recyclability, carbon reduction, sustainability and packaging wastes.

However it can be challenging to recycle all the materials used in packaging within New Zealand due to the spread out and relatively small population compared to countries such as Europe or even Japan.

We believe that there is no value in implementing a container deposit scheme when measured against the costs of establishment, the cost of maintaining and the more viable alternative of extended kerbside collection and recycling. We see this as fundamentally a tax on affected products to fund an administration of the scheme with no improved outcomes. New Zealand abandoned a container deposit scheme historically due to both costs and also the changing nature of beverage containers which made kerbside collection a more efficient method of capture.

We believe that there should not be any unique New Zealand only labelling requirement and that internationally accepted messaging is the most appropriate way to avoid trade issues and potentially harm our exporting members.

We support the use of standardised kerbside recycling for all councils and expanding the materials and size of products that can be both collected and recycled to reduce the likelihood of smaller and less recyclable materials ending up in landfills.

Additional costs to businesses must be avoided wherever possible and we note that some of the possible options can add a burden to businesses and in particular around the container deposit scheme and the business food waste proposals. We are unable to support such additional costs to businesses without significantly higher justification.

We support submissions made by Business New Zealand and other industry associations such as Cosmetics New Zealand as being consistent with our view of the proposals in the consultation document.

Specific Comments:

Part I: Container Return Scheme

1. Key concerns

Our primary concerns with the proposed initiative are as follows:

i) Lack of clarity

While the consultation paper cites a range of potential outcomes and cites examples from Australia in particular, the comparisons are not like with like when compared to the New Zealand model.

Fundamentally the CRS is a tax on the product which will add to consumers costs with questionable results assumed and applied in a heavy handed way on businesses which are forced to pass on both the CTS and the set up costs. Whether producers are able to pass on those set up costs let alone the full CRS amount when negotiating with retailers is questionable.

The perverse outcomes have not been fully explored nor has the functionality of such a scheme genuinely been tested. Other examples of the issues created in Vancouver or New York appear to have been ignored in favour of options that align to the position being proposed in the paper. We note that the waste industry has cited in their submission such examples.

A key argument is that this will significantly reduce litter from away from home locations. We would argue that this is a social issue that is better dealt with through education and potentially better enforcement of littering. A secondary matter not explored is the relative lack of readily available disposal options such as council waste bins.

ii) Impact on the existing recycling system

The waste industry has invested heavily in infrastructure around kerbside recycling and therefore any diversion of the more valuable elements such as metal and glass from that system impacts on the viability of that sector.

The value that would be recovered via the CRS would be at the expense of the current recyclers as the paper assumes the CRS will have a significant impact on the amount of material recovered which we believe is unlikely.

iii) Benefits to councils and industry

The discussion document suggests that many of the economic impacts would be offset by as much as \$50 million in savings. This however ignores the costs to industry in establishing systems to apply the deposit and in particular the greater impact on smaller businesses.

The most impacted would be retail who would have to have take back ability and therefore the ability to refund the deposits assuming this is where the responsibility will fall. The suggested

technology in the paper will not come cheap and would be beyond the ability of the local dairy or takeaway to implement.

The scheme appears to imagine we are back in the 1960's when cash was the way refunds were made but in a modern world of EPOS, online and banking app's this is not practical. Exactly how refunds could or would be made lacks any detail.

If each business had to implement their own systems or contract to a 3rd party provider then this would be at significant cost to those businesses.

The assumptions are that the deposit would be channelled into a fund from which the refunds would be made to some but not all and that there would be a surplus since kerbside recycling would still be used from the home is at best untested.

Scavenging

Scavenging of kerbside bins for those qualifying containers is likely and particularly in the lower socioeconomic areas of the country where this may be seen as revenue source.

The fact that this is an issue in overseas jurisdictions is ignored in the paper and it should have been addressed.

Alternative solutions.

We are aware that alternative solutions have been trialled in places like Ireland using digital systems combined with kerbside recycling which reduce the burden on businesses although retaining the deposit on the product.

Should a CRS be seriously considered we would recommend those alternatives be explored before heading down a high cost model as currently proposed in the consultation paper.

Responses to CRS Questions:

We have responded to a number of specific questions but have covered the balance in our general comments above.

Q1. Do you agree with the proposed definition of a beverage?

Our Response

We agree with the definition.

Q2. Do you agree with the proposed definition of an eligible beverage container?

Our Response

This appears to be a reasonable definition.

Q3. Do you support the proposed refund amount of 20 cents?

Our Response

We do not support the deposit but if an amount is to be applied it should be more in line with Australia at 10 cents.

Q4. How would you like to receive your refunds for containers? Please answer all that are relevant and select your preference

Our Response

Cash is no longer viable for such schemes and any scheme account or mobile phone app will come at a cost. If producers are required to set up such technology it may well be higher than the assumed set up costs outlined in the paper.

Q5. Do you support the inclusion of variable scheme fees to incentivise more recyclable packaging and, in the future, reusable packaging?

Our Response

Businesses are already exploring more recyclable packaging however just having packaging that is recyclable does not mean it will be recycled. See our comments on this matter in the Kerbside recycling.

Adding fees to incentivise more recyclable packaging ignores the fact that we are in a global market and not all products are made in New Zealand. So this may not be in the control of the local entity in some cases.

Such fees add costs and it is hard to justify them when alternatives are not viable or control of the packaging outside of the local companies control.

Q14. Do you have any suggestions on how the Government could promote and incentivise the uptake of refillable beverage containers and other refillable containers more broadly?

Our Response

Industry is working globally to develop appropriate standards for refilling those products that can be refilled safely and we support that work however we note that with food or beverage products this can be far more challenging.

Part 2 - Kerbside Recycling

In this part we have answered specific questions but have not made any general comments outside of our responses.

Q.31 Do you agree with the proposal that a standard set of materials should be collected for household recycling at kerbside?

Our Response:

Our members agree with the policy objectives to increase the quantity of dry recycling placed in household kerbside recycling and to reduce contamination and increase the quality of recovered materials.

We agree that a standard set of materials should be collected for household recycling at kerbside, but this should be a minimum set only.

We believe that standardising kerbside collection is a good concept, but it should be with the intention to provide a wider collection of materials and not to the lowest common denominator.

Of the 67 local councils, nine councils offer no or limited collections or rely on private user-pays recycling collections and six councils only collect one material meaning that 52 councils currently offer a kerbside collection for a range of dry recyclables.

11 councils collect the materials proposed in the consultation so there would be no change and 19 councils collect five out of six of the proposed standard materials
 28 councils collect all the standard materials AND accept other materials which they would need to stop collecting.

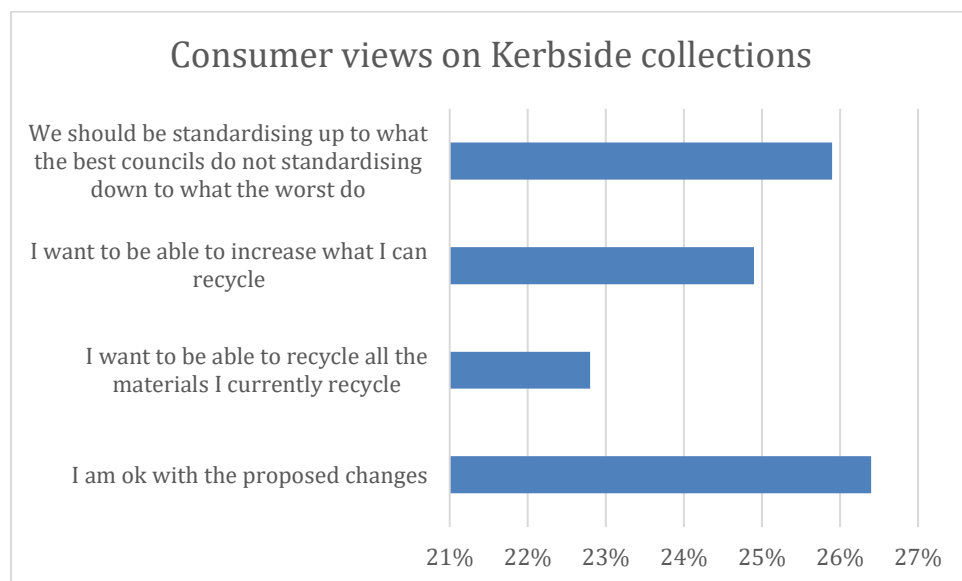
This means that of the councils which currently collect more than 1 material at kerbside 48% will have to reduce what they collect to get down to the level of the others.

This does not seem to be the way to increase the quality and quantity of recycling given that the 28 councils probably also have higher populations.

We do not agree with the restricted set of materials proposed across all councils which will have a major impact on consumer’s ability to recycle and force some very recyclable materials to landfill.

Kerbside collection for recycling is the most pragmatic method for removing packaging waste from landfill and generates a higher level of recovery by making it easy for households to recycle.

Maximizing what is collected at kerbside is supported by consumer research. Horizon Research shows that the majority of people want to recycle what they can currently recycle or increase it with standardisation up to what the best councils collect. Only 26% support the proposed changes overall.



Q.32 Do you agree that councils collecting different material types (in addition to a standard set) might continue to cause public confusion and contamination of recycling?

Our Response:

No. See response to Q31.

If councils and recyclers currently have valuable end- markets for materials collected at scale, we believe that kerbside collections should continue. It is however preferable that investment in all collection systems and Materials Recovery Facilities around the country allows these materials to be universally collected.

We understand that in some regions resources for kerbside collection are limited or non-existent and therefore we support the suggestion of shared resources across wider regional areas to provide for this.

Q.33 Do you think that national consistency can be achieved through voluntary measures, or is regulation required?

Our Response:

We believe that to achieve national consistency across local authorities, regulation will be required.

Q.34 Please tick below all the items from the proposed list which you agree should be included in the standard set of materials that can be recycled in household kerbside collections.

Our Response:

- ✓ glass bottles and jars
- ✓ paper and cardboard
- ✓ pizza boxes
- ✓ steel and aluminium tins and cans
- ✓ plastic bottles 1 (PET) and 2 (HDPE)
- ✓ plastic containers and trays 1 (PET) and 2 (HDPE)
- ✓ plastic containers 5 (PP)

Q.35 If you think any of the materials above should be excluded, please explain which ones and why.

Our Response:

We do not believe any should be excluded.

Q.36 If you think any additional materials should be included, please explain which ones and why.

Our Response:

Many of our members products are by their nature small and the threshold for not processing small items for recycling maybe set too high when we understand that it can be done for the size of products our members market.

New Zealand should be looking to align our kerbside collection materials with global best practice sortation systems. In particular our collection systems need to be harmonised with Australia as both countries are implementing the Australasian Recycling Label (ARL) on packaging. The Australian Packaging Covenant Organisation (APCO) which manages the Packaging Recyclability Evaluation Portal (PREP) and assesses packaging for how it will behave in a MRF and in subsequent processing facilities starts from the premise that kerbside collection systems should be maximised to increase recovery where valuable markets for the materials exist.

We support investment in technology at the Materials Recovery Facility to separate out smaller items. In New Zealand for example the size threshold for packaging is 50 mm in diameter. In Australia there is a threshold of 20mm in 2D for metal packaging which can be captured in the screen at the start of the process. Acceptability is also influenced by how materials are presented – i.e. scrunched up or tethered to increase recyclability. We need to adopt a nuanced approach here too.

We also understand that there is proposed private industry investment by Hayes Metals in metal recycling capability in New Zealand which will recycle small metal items, aerosols, and foils into valuable metal cubes for export.

Our recommendations about additional items to be collected at kerbside are in line with MFE's criteria namely that:

- ✓ Materials have sustainable end markets; and
- ✓ Materials have viable processing and sorting technologies with investment to achieve recycling capability which is comparable with other markets such as Australia, Ireland, UK and Canada which are developing standardised approaches or as in the case of British Columbia, Canada, already have this in place.

Metal packaging larger than 20mm in 2D.

MRFS in Australia (Source: ARL), UK and elsewhere accept metal items including bottle tops over 20mm in size. These are extracted at the front end by metal detectors.

Aerosols – household and personnel care.

5 million personal care aerosols are sold annually and there is an overseas market for these.

63% of NZ councils accept aerosol cans meaning the vast majority of New Zealanders have access to recycling aerosols currently. The Aerosol Association of Australia estimates that around 18.7 million aerosols were imported into New Zealand¹ in calendar year 2021 and that 59% (or around 11.3 million units) of those were from Australia. Aerosols are classified as recyclable under the ARL, in the UK, Ireland, EU and Canada.

For example, we are advised that in the UK for the last 5 or so years, 95% of local authorities have accepted empty aerosol containers in their household kerbside recycling, leading to an estimated 69.0% recycling rate for aluminium aerosols in 2020, and 78.7% for steel. Last year the French aerosol association reported an aerosol recycling rate of 76 percent.

In the review of Standardising Recyclables discussion paper, all parties including collectors and metal recyclers agreed that aerosols represented a low safety risk with emphasis on them being empty. We are therefore surprised the proposal does not include aerosols.

Our members support actively educating consumers to put only “empty” aerosols in their recycling and the ARL's introduction of an ‘empty to recycle’ instruction will assist with this.

Plastic Caps & Lids

¹ Based on purchased import statistics from Statistics New Zealand

If the direction is “lids on” for the CRS – it must be the same for kerbside collections of bottles and containers. Industry is investing in ensuring that the lids are, where possible, the same material as the container and this investment will be for nothing if the lids have to be put in the rubbish bin.

In New Zealand, we import many of our cosmetics items and it is important that our recycling systems reflect best practice overseas. Overseas guidance is where lids and caps can be replaced on bottles and jars, they should be replaced to ensure they will get recycled.

HDPE Tubes

Global R&D is seeing tubes which used to be made from a mix of aluminium and plastic redesigned to 100% HDPE.

Our association is aware there is a move to unification of HDPE components for tubes so that the full unit could be recycled.

We recommend that consideration is also given to the collection of HDPE tubes at kerbside.

Glass vessels

The proposal does not specify whether non-food glass vessels including perfume, aftershave and face creams will be accepted. It is important that these products are accepted for recycling.

The use of glass is chosen not only for sustainability purposes but because glass can provide better stability and efficacy for many product ingredients.

Many of our members are investing heavily in R&D to help redesign of packaging towards a circular economy.

Q.37 Do you agree that the standard set of materials should be regularly reviewed and, provided certain conditions are met, new materials added?

Our Response:

Many industry members are aware of the Australasian Recycling Label and global brands do have product packaging information and symbols on their packaging. We note that the ARL has an ongoing review process for recyclability in its PREP tool.

Q.38 What should be considered when determining whether a class of materials should be accepted at kerbside in the future? (Tick all that apply)

Our Response:

- ✓ sustainable end markets
- ✓ end markets solutions are circular and minimise environmental harm
- ✓ viable processing technologies
- ✓ processing by both automated and manual material recovery facilities
- no adverse effects on local authorities, including financial
- supply chains contribute appropriately to recovery and end-of-life solutions for their products
- other (please specify).

Q.39 Who should decide how new materials are added to the list?

Our Response:

Option d. - an independent board

Q.40 Do you agree that, in addition to these kerbside policies, New Zealand should have a network of convenient and easy places where people can recycle items that cannot easily be recycled kerbside? For example, some items are too large or too small to be collected in kerbside recycling.

Our Response:

Yes, we support the development of a network of recycling resource facilities. There are a number of take back programmes such as Soft Plastic Recycling, Terracycle and Sustainable Salons already operating.

Q.51 Do you agree that it is important to understand how well kerbside collections are working?

Our Response:

Yes

Q.52 Do you agree with the proposal that the private sector should also report on their household kerbside collections so that the overall performance of kerbside services in the region can be understood?

Our Response:

Yes, it is important to capture recovery data from the public and private sector. However, this must be accompanied by recycling data. Otherwise, the target is collection, but recycling rates do not increase. Canada now requires all product stewardship frameworks to set recycling targets not just recovery targets.

Q.54 Do you agree that the information should be published online for transparency?

Our Response:

Yes, we believe this information should be publicly available

Q.56 Should kerbside recycling services have to achieve a minimum performance standard (eg, collect at least a specified percentage of recyclable materials in the household waste stream)?

Our Response:

Yes, there should be a minimum performance standard which should apply not just to what is collected for recycling but what is actually recycled.

Q.57 Should the minimum performance standard be set at 50 per cent for the diversion of dry recyclables and food scraps?

Our Response:

If we look to the UK for waste this is not yet being achieved and their target is to achieve 50% reduction in waste by 2042. Over time such minimums should be set far higher but initially may need to be lower if we look to an equivalent country whose targets are similar to the EU.

Q.58 We propose that territorial authorities have until 2030 to achieve the minimum performance target, at which time the target will be reviewed. Do you agree?

Our Response:

This should be aligned with the implementation of a CRS should that proceed and the Plastic Priority Product Scheme not delayed until 2030 but this will depend on the levels established in the standard.

Q.59 In addition to minimum standards, should a high-performance target be set for overall collection performance to encourage territorial authorities to achieve international best practice?

Our Response:

The interpretation of what is international best practice can vary and certainly goals should be set but we also must keep in consideration the small New Zealand population and how thinly some areas are populated. Comparing a New Zealand Territorial authority to countries that have a more compact country with large populations in large cities cannot be considered apples with apples when it comes to the ability to perform.

Q.60 Some overseas jurisdictions aim for diversion rates of 70 per cent. Should New Zealand aspire to achieve a 70 per cent target?

Our Response:

Our comments in Q.57 and Q59 address this question.

Q.62 Should either glass or paper/cardboard be collected separately at kerbside in order to improve the quality of these materials and increase the amount recycled?

Our Response:

Yes, both glass and paper/cardboard should be collected separately at kerbside to maximise the quality of recovered materials. We understand that this will pose some challenges, however.

Q.63 If glass or paper/cardboard is to be collected separately, should implementation:

Our Response:

Implementation of separate glass and cardboard collections should begin immediately wherever possible and with a reasonable timeframe for those that would have to make significant changes to their kerbside systems.

Q.64 Should all councils offer household kerbside recycling services?

Our Response:

Yes. However subject to a Cost Benefit Analysis. Whilst harmonisation across 67 councils is desirable, in reality recycling like everything else in the supply chain is impacted by our geography.

90% of New Zealanders (Horizon Research 2022) recycle at kerbside and based on the Government's data, 77% councils have access to recycling for more than 1 material type.

Ultimately the Chatham Islands service is always going to be more problematic than the Auckland Council service.

Q.65 Should these services be offered at a minimum to all population centres of more than 1,000 people?

Our Response:
Yes

Q.66 Do you agree that councils without any council-funded kerbside recycling collections should implement these collections within two years of their next Waste Management and Minimisation Plan?

Our Response:
Yes

Q67 What research, technical support or behaviour change initiatives are needed to support the implementation of this programme of work?

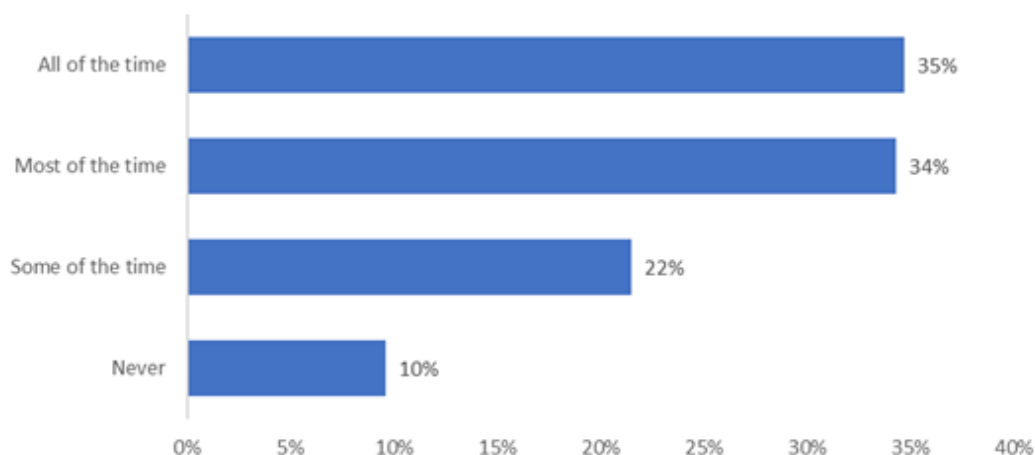
Our Response:

Underpinning all of the proposals is the need for best-in-class education. This is why the soft plastics recycling scheme initiated being integrated within the Australasian Recycling Label (ARL) which forms an important part of educating the consumer about what can be recycled, how and where.

It is pleasing to note that 52% of people surveyed by Horizon Research already have seen the ARL on pack even though there has been no consumer awareness campaign behind this in New Zealand whereas Australia has had the benefit of such campaigns. Global brands already have information and symbols on their packaging.

Noting that 69% people already check for recycling labels on pack most or all of the time, we support a major nationwide consumer awareness campaign which educates people about the ARL; how to present materials for recycling (whether at kerbside, CRS or drop off recycling) – clean and empty – and showcases the new products made from recycled materials.

Before you put it in a recycling bin, do you check the label on packaging before putting in the recycling bin?



Part 3 – Separation of business food waste

In this section we have not chosen to respond to the questions but to outline our position on the preferred option of food waste separation for all businesses in populations above 1000 people.

Many companies provide for composting however equally in many cases this is just not practical.

It may be easier for food producers, restaurants and perhaps fast food outlets to separate out food waste and many will have arrangements for that waste to go for composting or for other uses. These businesses are of course identified by needing to have a food plan and the Food Act

Our concern for these specific businesses is more about their locations and just how viable mandating such a rule for them to undertake food waste separation and diverting all food waste by 2030 from landfill. A small food operator working within a mall will need to work with the mall operator to achieve such an outcome and normally that incurs additional costs to the business.

This becomes a more problematic issue when all business is included under this requirement. While sustainability is a target for a large number of our member companies, this is only achieved by taking one step at a time.

When we talk about food waste in a non-food business this tends to be related to staff and the food they bring to the workplace but may include when food is catered for a meeting.

Forcing all businesses to undertake this means that they will need to have a far stronger influence on the foods that their staff might bring into the workplace.

We would argue that to do so will impact on the employees' human rights and place employers in the role of enforcer on not only what foods can be brought into the workplace but the direct oversight of those employees to ensure they dispose of that food waste into a recycle or compost bin.

Such a requirement is big brother, imposes both direct and indirect costs on businesses having to comply.

Lastly the question of enforcement comes to the fore. Is this going to be some council inspector going through waste to ensure the business is complying but how would a business enforce staff who choose not to comply.

We strongly oppose this preferred proposal and seriously question whether it is needed for food businesses over education around sustainable practices.