

Submission by

The Packaging Forum's Soft Plastic Recycling Scheme



to the

Ministry for the Environment

on the

Proposed priority products and priority product stewardship scheme guidelines



Q5(b): Do you agree with declaring single-use plastic consumer goods packaging as priority products: packaging used for consumer goods at retail or wholesale level made of plastic resin codes 1, 2, 3, 4, 5, 6 or 7, singly or in combination with one or more of these plastics or any non-plastic material, and not designed to be refilled.

**PROPOSED PRIORITY PRODUCTS AND PRIORITY PRODUCT
STEWARDSHIP SCHEME GUIDELINES CONSULTATION DOCUMENT
SUBMISSION BY THE SOFT PLASTICS RECYCLING SCHEME.**

1 Executive Summary

- 1.1 The SPRS Steering Committee SUPPORTS IN PRINCIPLE the intent of the Ministry for Environment's proposal to address the environmental impacts of single use plastic packaging used for consumer goods at retail.
- 1.2 However, the Steering Committee considers that all consumer packaging types (including paper) should be considered and the inclusion of wholesale level (Q5(B) is too broad in its definition and should be excluded.
- 1.3 The main limitation for stewarding soft /flexible plastics in New Zealand is the lack of onshore / near shore processing capacity. The Steering Committee consider that without a significant increase in recycling capacity and without addressing the limitations of other materials e.g. fibre and compostable packaging, declaring soft plastic materials (covered within its scheme) a priority product requiring mandatory stewardship will simply add cost without providing a solution.
- 1.4 For this reason, the Steering Committee recommends a continuation of soft plastics as a **voluntary product stewardship scheme** at this time which allows more focus on creating recycling solutions with lower administration, reporting and governance investment.

2 Background to The Soft Plastics Recycling Scheme

- 2.1 The Soft Plastics Recycling Scheme (the SPRS) initially started collecting post-consumer soft plastic packaging in November 2015 as an industry led trial with funding from the Waste Minimisation Fund.
- 2.2 The SPRS was accredited as a Voluntary Product Stewardship Scheme under the Waste Minimisation Act (2008) on the 22 March 2018.
- 2.3 The SPRS is stewarded by a Steering Committee which reports to the Packaging Forum's Governing Board. The Steering Committee comprises ten member companies from across the supply chain including plastic packaging manufacturers, brand owners and retailers.
- 2.4 The SPRS represents approximately 70% of the post-consumer soft plastic packaging market as identified in 4.4 below.
- 2.5 The Steering Committee makes the following key observations with regards to unintended consequences:
 - 2.5.1 Business to Business packaging (for example shrink wrap; outer wrap) and wholesale plastic packaging should be excluded as these can be re-used or as "clean" materials have a different end of life recycling opportunity.
 - 2.5.2 The definition needs to exclude legacy (orphan) packaging which if included would result in a massive impost on the FMCG industry.

- 2.5.3 Including all single use plastic packaging and excluding other materials such as compostable packaging or products such as waxed paper risks shifting the market to substitute packaging for which there is either no national collection system and/or no processing capacity.
- 2.6 The Steering Committee recommends that before decisions are made with regard to specific resins, that there is a clear picture of the alternative packaging, processing capacity (current and planned) and tonnages.
- 2.7 The Steering Committee has reviewed the 17 proposed guidelines for priority product stewardship and believes that this is “putting the cart before the horse”. The guidelines need to be part of the Stage 2 process. The proposal seeks cost effectiveness, but the level of compliance, reporting, governance and certification envisaged would add significant cost to the running of the scheme. The governance guidelines need to be appropriate and set to achieve the desired stewardship outcomes at best cost.
- 2.8 We have commented on some of the specific proposed guidelines within the context of this submission. We also refer to the NZ Food and Grocery Council Submission which asks why the European Union has identified eight principles for a population of 513.5 million people and the Ministry for Environment has identified 17 guidelines for a nation of 4.8 million people.

3.0 Membership of the SPRS

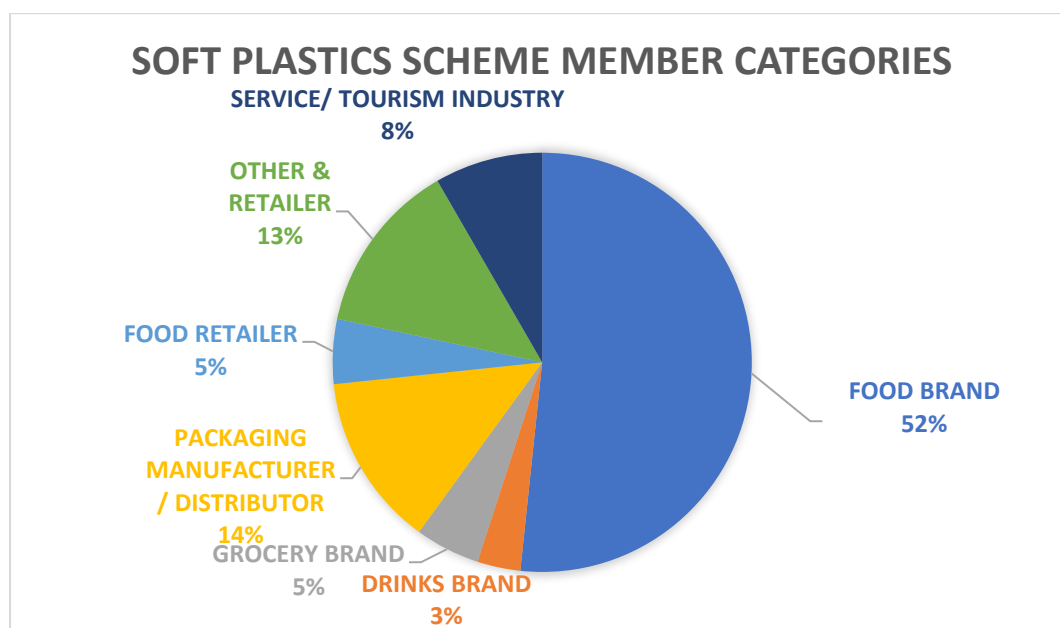
- 3.1 The scheme has sixty members and has retained its membership levels despite a temporary cessation in soft plastic recycling collections and a re-set which has reduced the geographic coverage.
- 3.2 Members pay a levy based on their company turnover and an understanding of the volume of soft plastic materials which they place on the New Zealand market.
- 3.3 The SPRS has defined its membership by the resin codes which are acceptable to processors. The Scheme also notes that it has measured consumption using available industry market data however targets will be improved through access to data on imported/distributed materials.

Chart 1: Membership



- 3.4 Scheme members are represented as follows:

Chart 2: Members by Category Type



4.0 Soft Plastics Consumption in New Zealand

- 4.1 On 1 July 2019, single use plastic carrier bags were banned in New Zealand. This has removed around 6424 tonnes of soft plastic materials from the waste stream. Brand owners and retailers have also increased their efforts to reduce plastic consumption by encouraging an increase in reusable options for fresh produce etc.
- 4.2 The SPRS uses volume consumption data from Aztec MAT data to end May 2019. The average weight per item in grams is calculated from Waste Not Consulting's independent audit of soft plastic packaging conducted for the scheme in August 2018.
- 4.3 An estimated 718 million bags are consumed annually at a combined weight of 4762 tonnes of soft plastic packaging per annum. This equates to around 1kg of soft plastic packaging consumed per annum per New Zealander.

Chart 3: Unit sales and estimated tonnes

Bag type	Unit Sales	average weight grams	Total kilograms	Total NZ tonnes
Bread bags	135,900,113	8.4	1141561	1142
Frozen food bags	52,148,179	9.9	516267	516
Confectionery	68,264,392	2.2	150182	150
cereal	45,577,761	10.3	469451	469
biscuit wrap	98,040,427	3.8	372554	373
Toilet roll/ towels	35,156,816	11.8	414850	415
Pasta/rice bags	73,287,720	6.5	476370	476
Sanitary hygiene incl kitchen towels	25,924,123	11.8	305905	306
Potato chips/ snack foods	133,678,176	4.9	655023	655
Miscellaneous	50,000,000	5.2	260000	260
	717,977,707		4,762,162	4,762

- 4.4 **Participation Levels in Scheme.** Based on Aztec date provided in Chart 3 and the brands identified in the Waste Not Consulting Branded Audit, the scheme represents

approximately 70% of the soft plastic packaging market as defined by the categories listed in Chart 3. The Scheme is working hard to encourage the non-participant brands to join.

Chart 4: Scheme Member’s Market Share

Category	Estimated SPRS share of Aztec Unit Sales	Unit sales by member brand
Bread bags	90%	122,310,102
Frozen food bags	70%	36,503,725
Confectionery	80%	54,611,514
cereal	65%	29,625,545
biscuit wrap	60%	58,824,256
Toilet roll/ towels	75%	26,367,612
Pasta/rice bags	50%	36,643,860
Sanitary hygiene incl kitchen towels	75%	19,443,092
Potato chips/ snack foods	75%	100,258,632
Miscellaneous	30%	15,000,000
Total	70%	499,588,338

5.0 SPRS (2015-2018) – New Zealanders embrace soft plastics recycling

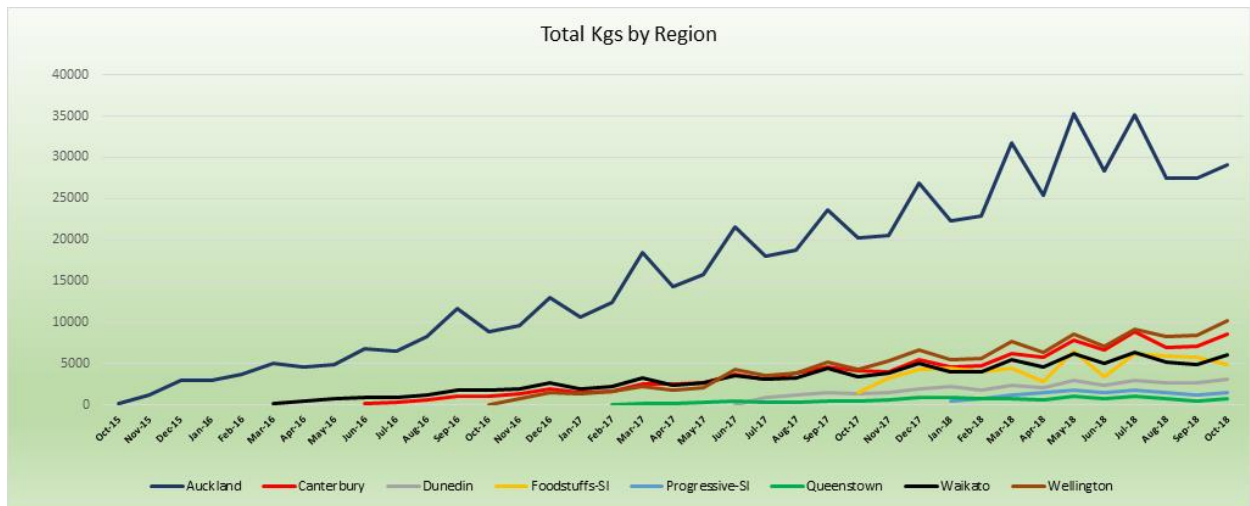
5.1 Geographic Coverage of Collections

At the end of 2018, the Soft Plastics Recycling Scheme provided a collection service for an estimated 78% New Zealanders with collection bins at all Countdown and Foodstuffs stores across South Island and at The Warehouse, Countdown, Foodstuffs and other retail outlets in Auckland, Waikato and Wellington regions serviced by social enterprises. In addition, Countdown had introduced collection bins at their Upper North Island stores.

5.2 Recovery of Soft Plastic Packaging for Recycling

New Zealanders embraced the drop off recycling service and 681 tonnes of soft plastic packaging was collected for recycling in the calendar year 2018. This is equivalent to 122 million units of packaging. The voluntary removal of single use plastic carrier bags by supermarkets did not noticeably reduce the volume of soft plastic collected as shoppers increased the range of packaging to be recycled.

Chart 5: Total KGS collected 2015-2018 by month



5.3 Types of Soft Plastic Packaging Recovered by Scheme: Waste Not Consulting Audit August 2018

Chart 6: Waste Not Consulting Analysis of Soft Plastics collected

Composition of soft plastic - By primary category - By weight and by # of items	% by weight		% by number of items
	Includes contamination	Excludes contamination	Excludes contamination
Biscuit wraps	1.1%	1.2%	1.9%
Bread bags	9.3%	10.1%	7.3%
Carry bags	11.2%	12.2%	9.5%
Cereal Bags	2.2%	2.5%	1.4%
Chips/snacks/nuts packets	6.4%	7.0%	8.7%
Confectionery packets	1.1%	1.2%	3.3%
Courier packs	2.0%	2.1%	0.8%
Fresh produce and bakery bags	9.9%	10.8%	12.7%
Frozen food bags	3.5%	3.9%	2.4%
Other soft plastic	35.4%	38.8%	45.2%
Paper product packaging	5.9%	6.4%	3.3%
Rice/pasta/noodle bags	3.4%	3.7%	3.4%
Yoghurt/food pouches	0.0%	0.0%	0.0%
Contamination - not soft plastic	5.6%	0.0%	0.0%
Food-contaminated soft plastic	3.1%	0.0%	0.0%
TOTAL	100.0%	100.0%	100.0%

Other soft plastic included any material that fit into the scheme’s acceptable plastics range as being “anything made of plastic that can be scrunched into a ball” but did not fit any of the other primary categories.

6.0 Soft Plastics Recycling Scheme Reset May 2019: *Transition from collecting as much as possible for export to collecting only what NZ can process.*

6.1 As is well documented, the impact of China’s National Sword policy and the collapse of global markets for mixed plastics forced a major re-set of the scheme. The principal limiting factor for the Scheme is the lack of near shore / on shore processing facilities. It is not a lack of industry support or a lack of consumer willingness to drop off their soft plastic packaging, it is the fact there are currently only two processors in North Island that are able to process post-consumer soft plastics.

- 6.2 The SPRS is 100% funded by industry and meets the expectations outlined in the Section 12 Guidelines for priority product scheme accreditation in that it covers the costs of collection, management and processing of the products.
- 6.3 Members' levies fund collections from stores, quality checks, baling, transport to end markets and pay an agreed rate per tonne to cover the processing costs. This is different from the traditional model where the processor pays the collector/recycler for the materials.
- 6.4 The Steering Committee notes that to be cost effective, the SPRS needs to be able to choose the fee payment system which best covers the service costs. The SPRS levies its members based on turnover and an understanding of volume. These fees will be set to ensure that the Scheme can fund collection, processing, treatment or disposal costs to meet the available processing capacity. The SPRS pays for processing however is limited by the availability of processing facilities.
- 6.5 The Steering Committee notes that to deliver the proposed Stakeholder engagement and collaboration guidelines (6c) requires investment in processing infrastructure and support from the Government's Waste Minimisation Fund. The SPRS funds collections and processing costs however new infrastructure must be supported by Government investment.

7.0 Soft Plastic collections are and need to be determined by the availability of processing capacity.

- 7.1 Before August 2018 there was no onshore processing of post-consumer soft plastics (except for some limited processing of single use carrier bags). Today there are two North Island plants Future Post in Waiuku and Second Life Plastics in Levin which can process post-consumer packaging and typify Kiwi ingenuity.
- 7.2 The SPRS is working with these processors and members to increase demand for their products. To have a sustainable circular economy where waste materials are re-processed into new valuable products and commodities, industry, councils and government departments need to start buying products which are made from our recycling efforts.
- 7.3 The SPRS anticipates that the processing capacity from existing processors will increase and is aware of projects submitted for Waste Minimisation Funding that will process plastics 3-7 including soft plastics. We hope to see these soft plastic recycling processing projects funded in this year's Funding Round and through the additional \$40 million in funding announced through the Provincial Growth Fund. It is only with a substantial increase in processing capacity including on South Island that the Scheme can deliver its full potential
- 7.4 The SPRS is working with its members to re-design packaging where possible to meet the acceptance criteria of the processors.

8.0 Current Status of SPRS as at September 2019

- 8.1 The scheme re-started in the Auckland region in May 2019 with collections at 40 Countdown, The Warehouse and other selected stores from Silverdale in the North to

Pukekohe in the South; Hobsonville in the East to Highland Park in the West; and with a service for Waiheke Island residents.

- 8.2 Collections re-commenced in the Hamilton area on 9th September and from October, collections will restart at selected stores in the Wellington region.
- 8.3 This will mean that by the end of 2019, up to 50% of the population will have access to drop off recycling for their soft plastics.
- 8.4 **Until processing capacity increases, expansion will be limited to those areas that are close to the processing plants and the number of collection points in each region will be limited.**
- 8.5 The SPRS notes from experience that targets need to be subject to adjustment. The impact of China’s National Sword policy and the decision by the scheme’s Australian processing partner to no longer accept New Zealand soft plastics, forced a change in direction for the Scheme. The SPRS also notes that to its knowledge only Australia is collecting soft plastics for recycling apart from New Zealand. Other jurisdictions may collect soft plastics as part of a kerbside waste collection to be processed at Waste to Energy plants in Europe, Asia and America.
- 8.6 Targets needs to reflect the collection of material and the ability to process material. As the SPRS experienced – collecting as much material as possible for export is no longer viable. The scheme needs to collect to the available capacity.

9.0 Packaging Design & Labelling

- 9.1 The SPRS currently accepts materials which are plastics resin code 2, 4 with acceptance of resin codes 5 and 7 in a blended mix with the primary plastic. The range of acceptable plastics is governed by what can be processed at present however the SPRS is aware of new projects which will accept a broader range of resins (typically still excluding PVC, PS and compostables).

Flexible Laminate		Secondary Materials								
		PET	HDPE	PVC	LDPE	PP/BOPP	PS	Compostables/ Oxy-Degradables	Foil	Nylon
Primary Polymer	PET	Red	Red	Red	Red	Red	Red	Red	Red	Red
	HDPE	Red	Green	Red	Green	Yellow	Red	Red	Yellow	Yellow
	PVC	Red	Red	Red	Red	Red	Red	Red	Red	Red
	LDPE	Red	Green	Red	Green	Yellow	Red	Red	Yellow	Yellow
	PP	Red	Green	Red	Green	Yellow	Red	Red	Yellow	Yellow
	PS	Red	Red	Red	Red	Red	Red	Red	Red	Red

Legend

Colour	Limits	Future Post Classification	Accepted
Green	Primary Polymer	Recyclable	Yes
Yellow	Secondary polymer	Recyclable in a blended mix	Yes
Red	Not accepted for recycling	Not recyclable	No

- 9.2 Ideally packaging should be manufactured from single resin materials however in practice the need for barrier protection for some products means that more than one layer is necessary.

- 9.3 The Steering Committee does NOT recommend shifting to compostable packaging without the availability of infrastructure to collect commercially compostable packaging and ensure it is actually composted at commercial facilities, nor does it support the introduction of "home compostable" packaging unless it is tested, certified and labelled to AS 5810-2010 by the Australasian Bioplastics Association . There needs to be greater research into how these products compost in the widely varying home compost environment in New Zealand.
- 9.4 The SPRS actively promotes members that are introducing reusable packaging or selecting alternative and more easily recycled materials.
- 9.5 The SPRS **does not agree** with Proposed Guidelines 15(b) Public Awareness which requires transparent product stewardship fees at point of purchase. The range of packaging products and the variation in pack sizes from small confectionery packs upwards makes this impractical. It is not intended that the fee is redeemed and therefore makes no sense to incur the cost of labelling it.

10.0 Limiting Factors

- 10.1 As previously mentioned, the principal limiting factor for the SPRS is the processing capacity near shore or on shore for soft plastic materials. Expansion of processing capacity requires:
 - 10.1.1 Demand for the plastic fence posts, garden edging, cable cover and other products currently being manufactured from soft plastic materials;
 - 10.1.2 Investment in new processing facilities around New Zealand by central and local government in partnership with industry. There needs to be multiple "Future Posts" to create capacity; and
 - 10.1.3 Commitment by Local and Central Government departments and Industry to purchase products made from recycled materials.

Appendix 1: List of Members

1 day

Abe's Bagels

Amcor Flexibles

Asaleo Care

Bluebird

BNZ

Cas-Pak Products NZ

Coca Cola Amatil

Coffee Supreme

Cottonsoft

Countdown

Ecolean

Epic Dairy

Fairfax Media

Farrah's

Freightways

- New Zealand Couriers
- Now Couriers
- Castle Couriers
- Post Haste Couriers

Fonterra (Mainland)

- Anchor
- Kapiti
- Perfect Italiano

Frucor Beverages

George Weston

Goodman Fielder

Griffins

Heinz Watties

Hubbards

Huckleberry Farms

Jacobs Douwe Egberts

- Jeds
- Ti Ora

Kelloggs

Kathmandu

Kimberly Clark

Leader Brand

Lululemon

McCain

Maritime Museum

Mars NZ

- Wrigley's
- Whiskas
- Temptations
- Dine

Meadow Mushrooms

Mother Earth (Prolife Foods)

Mondelez (Cadbury)

Mrs Rogers

Naturally Organic

Nestle
NZ Hothouse
New Zealand Post
Oob Foods
Proper Crisps
Pure Delish
Sealed Air
Serious Food Co. Ltd
Snell Packaging
Simplot (Birdseye)
Something to Crow About
Stone Paper Packaging
Stratex Group
Sunrice – James Crisp
T & G Global
TC Transcontinental Packaging (Coveris)
Watercare Services
Westpac
The Warehouse
Unilever - Continental
Unilever - Streets
Z Energy