

Submission by

The Packaging Forum's Soft Plastic Recycling Scheme (SPRS)



to the

Ministry for the Environment

on the

**Reducing the impact of plastic on our environment:
moving away from hard to recycle and single use items**

4 December 2020



Executive Summary

The Soft Plastic Recycling Scheme (SPRS) currently has 92 members which fund the collection, baling, transportation and processing of post-consumer soft plastic materials. The scheme has grown its membership by 46% since 1 January 2020.

The SPRS **SUPPORTS IN PRINCIPLE** the intent of the Ministry for Environment's proposal to address "hard to recycle" packaging.

However, technological advances in recycling plant and collection systems mean that packaging that is currently "hard to recycle" may not be so in the future. The scheme's focus is on soft plastic materials which are not currently collected at kerbside in New Zealand however there are already trials in New South Wales for kerbside collection of soft plastics via an industry led project with Nestle and Australian Recycler iQ. We are also working with companies that are involved in New Zealand Research and Development and part of global trials to convert plastic into oil and to use plastic as a feedstock for new generation finished projects.

COVID-19 has reinforced the need for packaging to protect and preserve products. In stores, consumers are choosing single use plastic bags for their produce and bakery and we therefore question the inclusion of these products in the proposed "phase out" when there is an effective recycling scheme in place. The SPRS **DOES NOT SUPPORT** the phase out of single use bags under 70 microns thick without handles for carrying fruit or vegetables. This packaging can and is being recycled and banning it may create more waste if there was a shift to bags over 70 microns which we have seen with the single use plastic carrier bag ban or if other materials such as paper are introduced which may increase the amount of paper waste.

We note that the consultation paper acknowledges that LDPE (4) is mainly used for making soft plastic and is difficult to replace with other materials. We also accept secondary materials which are encompassed within resin 7. The SPRS **does not agree** that any packaging which meets its recyclability criteria should be "phased out" or banned. The definition of "other" resin #7 is broad and includes materials which we are able to recycle in a blended mix. Manufacturers choose these multiple layer products for specific functionality.

The SPRS does not cover either Polystyrene or PVC as these products are not accepted by our processors.

The SPRS supports the NZ Food & Grocery Council's research to quantify how much plastic is consumed annually by resin type. The consultation document refers to having assessed "costs" however without understanding current consumption patterns and how many manufacturers are using resins which will be "banned", it is impossible for the Ministry to say it has assessed the costs.

However, in Australia, the Australian Packaging Covenant Organisation (APCO) reports that PVC consumption reduced by 25% in 2019 compared to 2018 and EPS reduced by 26% over

the same period. This demonstrates that industry is phasing out these plastic resins on a voluntary basis. This voluntary action is also happening in New Zealand.

The Consultation Paper was released in August, six months into the COVID-19 pandemic and yet makes no mention of seeking to understand how the economic constraints on industry will be intensified through this legislation. The SPRS considers that a full economic assessment is required before product bans are introduced. We **DO NOT AGREE** with the proposal to only take forward one Option, Mandatory Phase Out. We consider that other options, working together over time will reduce and where necessary eliminate “hard to recycle” plastics without placing undue costs on New Zealand businesses. Plastic Packaging has been declared a Priority Product requiring mandatory product stewardship and as such we believe should be an alternative option for consideration.

Detailed Comments on Questions asked by the Ministry

The SPRS is by definition focussed on soft plastic packaging materials. However, our members also use rigid plastic packaging, and we incorporate their feedback in our commentary below.

1 Do you agree with the description in this document of the problems with hard-to-recycle plastic packaging and single-use plastic items?

The SPRS **agrees in principle**. However, “hard to recycle now” may not be hard to recycle in the future. Technological advances in recycling plant and collection systems mean that packaging that is currently “hard to recycle” may not be so in the future.

The scheme’s focus is on soft plastic materials which are not currently collected at kerbside in New Zealand however there are already trials in New South Wales for kerbside collection of soft plastics via an industry led project with Nestle and Australian Recycler iQ (<https://www.curbythebilby.com.au/>) and iQ Renew is pioneering a new chemical recycling technology for End-of-Life Plastics. .

In New Zealand we are also working with companies that are involved in Research and Development and part of global trials to convert plastic into oil and to use plastic as a feedstock for new generation projects.

2. Have we identified the correct objectives? Do you agree with the description in this document of the problems with hard-to-recycle plastic packaging and single-use plastic items?

The SPRS **agrees in principle**. However, we are concerned with the reference to this being a Starting Point. Industry needs to understand what is under further consideration before it invests in substitution, then find things change after the “start”.

3 Do you agree that these are the correct options to consider?

Agree.

4. Have we identified the right criteria (including weightings) for evaluating options to shift away from PVC and polystyrene packaging, oxo-degradable plastics and some single-use items?

The SPRS **agrees in principle**. However, the criteria and weighting need clarity before they can be supported as described.

Effectiveness and Alignment have similar intent and are therefore “double counted”. Cost should have an equal weighting with effectiveness (including “social and environmental cost”).

Weighting should be based on a clearly defined criteria, considering the practical aspects of material substitution and economic risk and other aspects as quality and consumer safety.

5. Do you agree with our assessment of the options, and our decision to take forward only one option (a mandatory phase-out)?

The SPRS **does not agree** with the decision to take forward only one option – Mandatory Phase Out. Option 5 is already regulated for Plastic Packaging and should be considered as an alternative. PVC and Polystyrene are already covered within the declaration of Plastic Packaging as a Priority Product and therefore consideration should be given to Product Stewardship to deliver the objectives.

The SPRS does not agree that the Ministry’s recommendations are based on an understanding of the cost. Without knowing the consumption by resin type the cost to business of change is not understood.

6. Do you agree with the proposed phase-out of PVC and polystyrene packaging as set out in two stages (by 2023 and by 2025)?

Members have signed up to the Plastic Packaging Declaration which sets targets for 2025. They therefore question why products should be banned before that agreed deadline.

Further, without an understanding of how many companies are using PVC and PS packaging, it is difficult to understand whether the time frame is feasible.

The likely costs or benefits of phasing out all PVC and polystyrene packaging needs a full and separate economic analysis.

For companies that do use these products, multiple packaging lines will need replacing and often an R&D component will be needed.

By the time economic insights are drawn, alternative materials and infrastructure are available, and trials are concluded the end of 2022 is impossible and even the end of 2024 is probably not achievable in totality.

7/8. Have we identified the right packaging items that would be covered by a phase-out of PVC and polystyrene packaging? If not, what would you include or leave out, and why? Do you think we should include all PVC and hard polystyrene packaging in stage 2 of the phase-out (eg, not just food and beverage and EPS packaging)?

The SPRS is concerned about the range of packaging included and the timeframes. Any phase-out needs to include solutions for alternative packaging which will be fit for purpose and avoid unintended consequences e.g. less plastic but more food waste, reduced hygiene, or safety impacts.

For example, Polystyrene keeps food cool and protects handlers from heat. For food that needs to be kept chilled and for long distances there is no replacement to PS therefore we could threaten our food export market if alternatives that are as reliable/safe are not found by phase out.

High Impact Polystyrene Sheet (HIPS) used in food packaging such as yoghurt pots should be excluded and covered with the Mandatory Product Stewardship of Plastic Packaging.

In general, we recommend greater alignment with Australia in terms of packaging design and what is collected at kerbside so that we have the opportunity to share processing technology to the benefit of both countries.

9. What would be the likely costs or benefits of phasing out all PVC and polystyrene packaging (hard polystyrene and EPS) by 2025?

Capital costs to businesses will be millions of dollars to replace current filling lines and the higher costs of packaging will be **significant** and will need to be passed onto consumers.

Further, the size of a packaging component should be taken into consideration when identifying 'problematic' materials. A small pack size (eg: portion packs) will not be recyclable in the current recycling infrastructure (*reference: Standardising Kerbside Collections*) no matter what material it is made from. It therefore makes no sense to change a portion pack from HIPS to PET at a significant capital cost and packaging on-cost for no benefit to the circular economy - they will both go to the waste stream.

If, for example a product was moved from white HIPS to White PET, we would need to be certain that the new product would be collected for recycling and recycled.

10 Do you believe there are practical alternatives to replace hard-to-recycle packaging (PVC, polystyrene and EPS)?

The SPRS **does not agree** that there are currently practical alternatives to replace some "hard to recycle" packaging for example HIPS yoghurt pots.

Plastic resins are selected for their functionality. Some products require protection from light to preserve the quality, safety and shelf life of the product. There are other functional hurdles to overcome which HIPS currently provide such as "snappability" and formability.

We recommend that HIPS used in food packaging such as yoghurt pots should be excluded and covered with the Mandatory Product Stewardship of Plastic Packaging. In Australia there is a HIPS recycle programme based on the Terracycle partnership.

11 Do you agree with a mandatory phase-out of all oxo-degradable plastics by January 2023?

Agree.

12 If you manufacture, import or sell oxo-degradable plastics, which items would a phaseout affect? Are there practical alternatives for these items? Please provide details.

No position

13 Have we identified the right costs and benefits of a mandatory phase-out of the targeted plastics?

For those companies impacted by the ban the costs are in the millions of dollars at a time when many businesses are already hit by Covid 19.

There has been no assessment of the cost to industry of introducing new plant, machinery or capability. Further the consultation paper which was released in August makes no mention of the economic impact of Covid 19.

We consider that a full economic assessment is required before product bans are introduced.

14 How likely is it that phasing out the targeted plastics will have greater costs or benefits than those discussed here?

Highly Likely. We are certain that the Proposal to phase out targeted plastics will have greater costs than those referred to in the document (and those not discussed within the document). Vague references to "some businesses" and "some impacts" do not provide business with confidence that the Ministry understands the costs of the proposal.

Our members however have indicated that the capital costs to businesses will be millions of dollars and that the higher costs of packaging will be significant and will need to be passed onto consumers.

15 What would help to make it easier for you and your family, or your business/organisation to move away from hard-to-recycle plastic packaging and use higher value materials or reusable/refillable alternatives?

Members impacted by the ban ask whether the sort of funding support which is being received by recyclers and processors to change and improve their systems will also be available to them.

The SPRS supports consumer education programmes to improve the consumer's understanding of what can be recycled and where. The Scheme has been accepted by the Australian Packaging Covenant Organisation as an "alternative destination" within its Australasian Recycling Label as it now meets the threshold for "recycle at store" labelling. This is a huge achievement for the scheme and will provide a consistent labelling experience for consumers.

16. What do you think about the proposed mandatory phase-out of some single-use plastic items (see table 7)?

The SPRS **does not agree** with the phase out of single use bags under 70 microns thick without handles for carrying fruit or vegetables. This packaging **can and is** being recycled and banning it may create more waste if there was a shift to bags over 70 microns which we have seen with the single use plastic carrier bag ban or if other materials such as paper are introduced which may increase the amount of paper waste and exceed NZ fibre recycling capacity.

COVID-19 has reinforced the need for packaging to protect and preserve products.

We agree with encouragement to use reusable alternatives and we have scheme members who produce these reusable bags.

APPENDIX: ABOUT THE SOFT PLASTICS RECYCLING SCHEME

Background

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

The SPRS was accredited as a Voluntary Product Stewardship Scheme under the Waste Minimisation Act (2008) on the 22 March 2018.

The SPRS is stewarded by a Steering Committee which reports to the Packaging Forum's Governing Board. The Steering Committee comprises nine member companies from across the supply chain including plastic packaging manufacturers, brand owners and retailers.

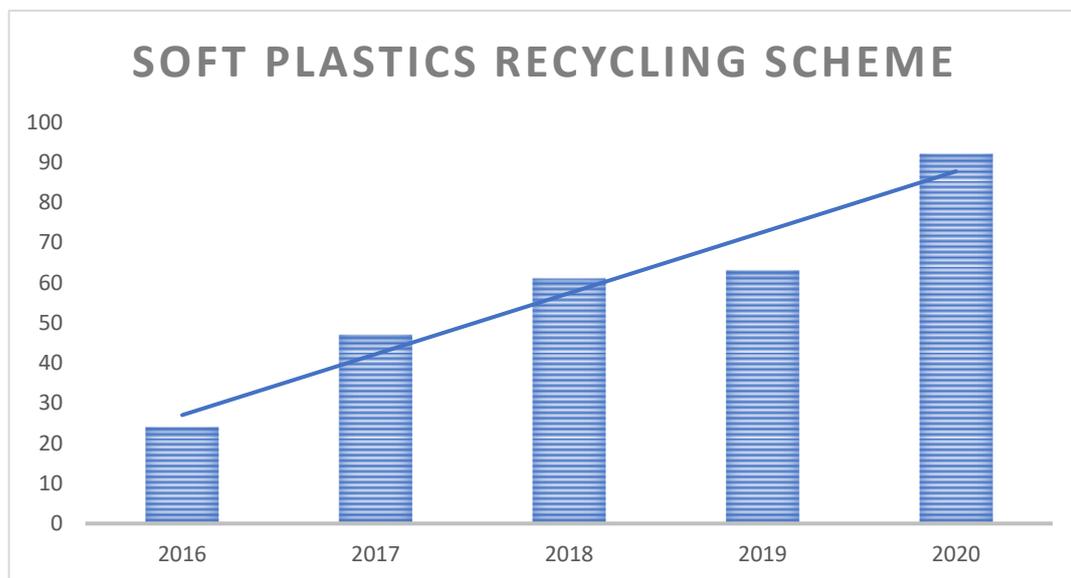
The SPRS represents an estimated 74% of the post-consumer soft plastic packaging market as identified in 4.4 below.

Membership of the SPRS

The scheme has **92** members and has increased membership by 46% during 2020.

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.

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**



Soft Plastics Consumption in New Zealand

On 1 July 2019, single use plastic carrier bags were banned in New Zealand. This 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.

The SPRS uses volume consumption data from IRI MAT data to August 2020. 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 March 2020.

An estimated 789 million bags were consumed in the 12 months to 16.8.20. This reflects an increase of 10% over 2019 but includes the COVID-19 lockdown period and “panic buying” of products within our categories including toilet rolls, confectionery, snack foods, frozen foods etc.

Based on the average weight per category type, around 4976 Tonnes of plastic packaging was consumed. This equates to around 1kg of soft plastic packaging consumed per annum per New Zealander. The average weight of bags has reduced by 5% which reflects light-weighting initiatives by industry.

Chart 3: Unit sales and estimated tonnes

	Unit Sales	Average weight grams	Total grams	Total Kgs	Total Tonne
Bread Bags	139,146,980	8.1	1,127,090,538	1,127,091	1,127
Potato chips	152,667,672	4	610,670,688	610,671	611
Biscuits	101,429,896	3.9	395,576,594	395,577	396
Frozen Food Bags	61,502,329	8.7	535,070,262	535,070	535
Confectionery	73,700,398	2.2	162,140,876	162,141	162
Pasta, rice & noodles	82,109,493	6.5	533,711,705	533,712	534
Breakfast cereal	63,679,008	10.7	681,365,386	681,365	681
Toilet Tissue	37,853,593	9.6	363,394,493	363,394	363
Sanitary Hygiene	13,826,437	9.6	132,733,795	132,734	133
Kitchen towel	13,997,530	9.6	134,376,288	134,376	134
Miscellaneous	50,000,000	6	300,000,000	300,000	300
	789,913,336	6.299591	4,976,130,625	4,976,131	4,976

Participation Levels in Scheme.

Based on IRI data provided in Chart 3 and the brands identified in the Waste Not Consulting Branded Audit, the scheme represents approximately **74%** 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

584.5 million bags consumed are supplied by scheme members – an increase of 17% over 2019

	Unit Sales	% share of total by members	Unit sales by members
Bread Bags	139,146,980	95%	132,189,631
Potato chips	152,667,672	85%	129,767,521
Biscuits	101,429,896	35%	35,500,464
Frozen Food Bags	61,502,329	90%	55,352,096
Confectionery	73,700,398	90%	66,330,358
Pasta, rice & noodles	82,109,493	50%	41,054,747
Breakfast cereal	63,679,008	84%	53,490,367
Toilet Tissue	37,853,593	85%	32,175,554
Sanitary Hygiene	13,826,437	85%	11,752,471
Kitchen towel	13,997,530	85%	11,897,901
Miscellaneous	50,000,000	30%	15,000,000
	789,913,336	74%	584,511,109

Scheme Performance

Tonnes collected

In the year to end November 2020, the SPRS has collected and processed 165 Tonnes of soft plastics despite the cessation of collection services during COVID lockdown and restrictions. The scheme's principal processing partner Future Post has increased its production capacity which allows the scheme to expand geographically. We anticipate that New Zealand will have the capacity to recycle over 700 Tonnes of soft plastic packaging in 21/22 year.

Geographic Reach

60% of New Zealanders now have access to a drop off location and more regions will be added. The Scheme has been accepted by the Australian Packaging Covenant Organisation as an "alternative destination" within its Australasian Recycling Label as it now meets the threshold for "recycle at store" labelling. This is a huge achievement for the scheme.

Packaging Design & Labelling

The SPRS accepts flexible materials which are plastics resin code 2, 4 and 5. Secondary materials (resin code 7) are accepted as part of the packaging, but their total weight must be less than 30%. The following chart shows the materials thresholds.

Secondary materials must be less than 30% in total across all secondary material types and primary materials (HDPE/LDPE/PP) must be a minimum of 70% by weight.

		Secondary Materials								Compostable Plastic	Paper/ Labels	Foil
		PET	HDPE	PVC	PVDC	LDPE	PP/ BOPP	PS	Nylon			
Primary Polymer	PET											
	HDPE	30%							30%	30%		30%
	PVC											
	LDPE	30%							30%	30%		30%
	PP	30%							30%	30%		30%
	PS											
	Nylon											
Compostable plastic												

Chart 4: Materials Thresholds for Recyclability

Ideally packaging should be single resin materials however in practice the need for barrier, moisture and damage protection for some Food & Beverage products to ensure products do not spoil and achieve shelf life means that more than one layer is currently necessary.

The SPRS actively promotes members that are introducing reusable packaging or selecting alternative and more easily recycled materials.

The SPRS **does not agree** that any packaging which meets its recyclability criteria should be “phased out” or banned. The definition of “other” resin #7 is broad and includes materials which we are able to recycle in a blended mix.