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Tēnā koe

Attached are the comments that the New Zealand Food and Grocery Council wishes to present on the *Position paper on a national waste infrastructure planning approach for the waste action and investment plan (2024-28).*

Ngā mihi nui

Raewyn Bleakley
Chief Executive

Position paper on a national waste infrastructure planning approach for the waste action and investment plan (2024-28)

Submission by the New Zealand Food and Grocery Council

4 August 2023

NEW ZEALAND FOOD AND GROCERY COUNCIL

1. The New Zealand Food and Grocery Council (**NZFGC**) welcomes the opportunity to comment on the *Position paper on a national waste infrastructure planning approach for the waste action and investment plan (2024-28)* (the **Position Paper**).

2. NZFGC represents the major manufacturers and suppliers of food, beverage and grocery products in New Zealand. This sector generates over $40 billion in the New Zealand domestic retail food, beverage and grocery products market, and over $34 billion in export revenue from exports to 195 countries – representing 65% of total good and services exports. Food and beverage manufacturing is the largest manufacturing sector in New Zealand, representing 45% of total manufacturing income. Our members directly or indirectly employ more than 493,000 people – one in five of the workforce.

COMMENTS

Q1 What are your views on the proposed government's "guiding and enabling" role? What are the implications? What are challenges you see in network development without these interventions?

3. NZFGC agrees that the Government needs to set targets and address key infrastructure deficits. In relation to infrastructure, it is NZFGC's view that the development of a hub and spoke network with consistent technology is critical. We consider the waste action and investment plan (**AIP**) needs to involve the private sector ie producers and brand owners, in the solution. The Extended Producer Responsibility (**EPR**) model is, by definition, a producer pays system. Where producers pay, they will also expect that their funding is allocated to support the end-of-life solutions for their packaging/ products.

4. Introducing more drop off sites for return schemes or materials will not increase recycling rates to the required rate. NZFGC knows this through experience with soft plastics recycling. The committed recycler will make the effort but many others will not. This would be similar if introducing drop off systems for liquid paper board (**LPB**), aerosols, foil trays, caps and lids or any of the materials excluded from kerbside. Incentivisation via a deposit on all of this packaging would add a further burden on cost of food and groceries. We commend consideration of the Belgian model which is set to maximise what people can recycle at kerbside and putting the investment in the collection vehicles and sortation systems which enable that model to operate efficiently and effectively to meet the outcomes.

5. Ideally, MfE needs to provide clarity as soon as practicable and ensure awareness levels are high (through a well-constructed communications plan) around appropriate levels of acceptance on carbon emissions within processing.

6. We recommend consideration of the concept of government underwriting minimum volumes of, for example, PET to be available through MRF for processes to convert PET into resin or for HDPE to incentivise bottle to bottle recycling processes. We describe this as almost like a marketplace platform. This concept has been used by the Australian Food and Grocery Council (**AFGC**) to attract advanced (also known as chemical) recyclers to invest in Australia.

7. Efficiency through transport logistics is important. We are concerned that drop off solutions or the addition of a private kerbside collection to cover materials not covered in the council collection services does not maximise efficiencies and will add their own environmental footprint.

Q2. What should be the priorities for infrastructure investment?

8. There is a need for stakeholders and Government to understand with greater clarity the end-to-end differences that various materials, from source to processing to landfill, have on the environment. This level of understanding, combined with factual data by material type on volumes, can help assist policy and operational decisions being made.

9. Investment in product and packaging design is costly and investments have already been made since producers committed to having packaging that is 100% reusable, recyclable or compostable by 2025. This investment has been in new materials, technology and plant to deliver the requisite outcomes, for example lids and caps in the same material as the container. In other countries, EPR schemes also allocate funding to collection, sortation or processing infrastructure over a period of years to improve recyclability and, in turn, the availability of recycled material to be used in new packaging. Again, we commend consideration of the Belgian model where over 90% of all packaging is recycled domestically through such investment.

10. For plastic packaging, the Plastic Packaging Product Stewardship Scheme (**PPPS**) is identifying the gap between plastic placed on the market by resin type and recovery. Investment in infrastructure must therefore also be linked to the provision of data.

Q3. What are the material streams that lend themselves to Government signalling and support for significant investment to improve outcomes at a national level?

11. NZFGC considers that plastic packaging is the best material stream that lends itself to Government signalling and support for significant investment to improve outcomes at a national level. Government, producers, processors and other stakeholders need to work together to identify solutions.

12. It is important to recognise that in the absence of an oil refinery in New Zealand, if we convert plastic to oil to then be remanufactured into polymers, this will need to be done in conjunction with Australia.

13. From a packaging perspective, for paper and cardboard, there are very real and significant challenges in finding onshore or ‘near shore’ solutions for the vast amount of paper and cardboard sent to landfill or exported at negative value annually. Signals around plastic are driving manufacturers to use fibre packaging and lined fibre and this switch from plastic to other problematic packaging options will likely continue to accelerate without addressing all packaging materials through an EPR scheme.

14. With regard to metal packaging, it is essential for Government to work with the metal industry to identify the potential for onshore processing options especially for steel and aluminium. NZFGC has already been working with the Association of Metal Recyclers and with metal recyclers such as Hayes Metals to identify potential onshore solutions to collections and processing. In the AMR Annual report 2023, they note that their submission on the Government’s *Transforming Recycling* consultation emphasised that standardised material collections should only be pursued if it does not reduce the number of materials being collected and that if a component is made of metal it should be recycled regardless of its size noting that caps and lids are an intrinsic part of containers and should be collected for recycling with suitable investment.

Q4. What factors drive the need for Government intervention e.g. increased coordination and network efficiency or need to address environmental externalities such as emissions, greater resilience to international markets or climate change?

15. EPR is used by other countries to provide greater resilience to volatile markets. For this, the EPR scheme structure needs to be flexible enough to cover specific materials "in good times and in bad". NZFGC is talking with organisations such as the EU Extended Producer Responsibility Alliance (**EXPRA**) about how EPR can be used to reflect and minimise emissions. For example, we turn again to the Belgian model which finds that transport emissions are insignificant compared to the benefits of recycling materials and minimising use of virgin materials. However, we note that Belgium is smaller geographically (30,688km^2) than New Zealand (268,021km^2).

16. We would point out that the Kantar research shows that consumers' understanding of which materials have a greater carbon footprint is limited. In our view there needs to be detailed analysis by material type to understand this and communicate it to consumers.

Q5. What are the current barriers to expanding the network? What could Government do to enable network effects? What other network effects can be achieved and what role does the Government and others play in achieving them?

17. NZFGC agrees with the position in the Position Paper that there is a lack of cooperation and coordination in this whole area. The dominance of a few operators and the lack of information has been evident in the PPPS research. Producers need to be part of the discussion, particularly through an EPR system. Private networks through industry funding are an option, either through a take back arrangement (eg soft plastics) or through the addition of a privately funded kerbside collection (as has existed for garden / organic waste). We would caution, however, as with our comments above, that drop off will only capture a limited percentage of volume and that adding a second collection system will:
    - add vehicles to roads
    - duplicate costs and
    - add to the transport emissions.

18. Looking at overseas examples, it is very clear that drop off systems for a range of other materials have not been successful in increasing recovery rates.

Q6. What is the key information and data components the sector needs to support infrastructure planning and investment?

19. To successfully operate an EPR system such as the PPPS, the most significant needs are:
    a) for transparency of aggregated data. For producers, this means plastic consumption by resin type and with more granularity such as colour, product type etc.
    b) for traceability. In relation to plastic packaging this needs to be through to recovery (kerbside or other); at the MRF and by processors. This needs to be by resin type. The current information available may be at total packaging level or at generic plastics level
    c) for other materials there will need to be similar data available – glass by colour; metal – ferrous (steel)/ non ferrous (aluminium); paper by grade
    d) where the producers are paying the net costs (such as for the PPPS (or any EPR)), there will also need to be policy that shows the transparency of costs

through the system. For example, in Ireland, the scheme audits the collectors, councils and MRFs to understand the cost by material flowing through the system to set payments to the MRF or prices with processors for the following year.

e) to ensure there is policy that facilitates appropriate revenue streams across different elements of the supply/value chain (eg if the processor is making X% from the materials then how does this offset from an Eco modulation stand point, the potential charge of producers).

Q7. What are the challenges and opportunities you see with a regional pilot approach to infrastructure planning?

20. NZFGC strongly favours consideration be given to using the PPPS scheme's implementation as a pilot. This is a real world arrangement that will have a very positive spinoff in terms of communication and visibility.

Q8. How can the pilot planning approach be coordinated with wider resilience/infrastructure planning?

21. NZFGC is not yet in a position to answer this question and would like to consider this further possibly in discussion with officials.