



Decision-Maker Briefing:

RESPONSES TO THE PACKAGING FORUM'S ARGUMENTS AGAINST A CDS (CONTAINER DEPOSIT SCHEME) FOR NEW ZEALAND

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This briefing document has been prepared by Warren Snow on behalf of Envision New Zealand Limited and with support of The Entrust Foundation.
External review has been provided by Marty Hoffart from Waste Watchers Limited.

For comment or clarification please contact:

WARREN SNOW

warren@entrust.org.nz

021 611 923

MARTY HOFFART

marty@wastewatchers.co.nz

027 230 2256

Disclaimer: Envision New Zealand Limited is an independent social purpose consultancy, based in Auckland, New Zealand. We have nothing to gain from the introduction, or otherwise, of a container deposit scheme in New Zealand.

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19 Ruru Street, Eden Tce
P.O. Box 31-478, Milford
Auckland, New Zealand
Ph: +64 9 303 4746
www.envision-nz.com

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INTRODUCTION

In 2015 Envision developed a model for a CDS (Container Deposit Scheme) for New Zealandⁱ. The report, 'The InCENTive to Recycle', demonstrated how a CDS could increase recycling of beverage containers by over 45,000 tonnes, create over 2,000 new jobs, and save local authorities millions of dollars in avoided litter and landfill costs.

Since then, support for introducing a CDS in New Zealand and overseas continues to gain momentum with:

1. 90% of local authorities in New Zealand calling for a mandatory CDS for New Zealandⁱⁱ
2. After extensive research, the NSW, Western Australian, Queensland and ACT governments have elected to join Northern Territories and South Australia in introducing CDS to their regions
3. Scotlandⁱⁱⁱ and Malta^{iv} announcing they will introduce CDS's
4. England^v announcing it will set up a working group to investigate how a CDS could be introduced there

Despite these developments, and continued evidence of CDS working well overseas, The Packaging Forum, an industry body representing large packaging and beverage companies in New Zealand, have continued to assert that a CDS is not required in this country. This briefing document addresses their most common arguments in relation to this claim.

WHY CONTAINER DEPOSITS ARE A SOLUTION TO A PROBLEM NEW ZEALAND DOESN'T HAVE!

- 73%** of glass containers & 69% of all beverage containers are already recycled
- 96+%** of Kiwis have access to kerbside or community recycling
- Drink containers make up only **11%** of litter & less than a third of kerbside recycling
- Kiwis don't want to pay **13.5c** extra on every container – they want kerbside recycling
- Not all containers (like wine bottles) are covered under a CDS, but they are under a voluntary programme

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Logos for Glass Forum, Environment NZ, and The Packaging Forum are visible at the bottom right.

Figure 1: Slide from a presentation to Local Government NZ by The Packaging Forum

"73% OF GLASS BEVERAGE CONTAINERS ARE ALREADY RECYCLED"

Based on the Packaging Forum's own figures, and production data provided by Owens Illinois, less than 50% of glass bottles are recycled in New Zealand.

The Packaging Forum, state that 214,156 tonnes of glass bottles are either produced in, or imported into, New Zealand annually^{vi}. Owens Illinois^{vii} state that 112,449 tonnes of cullet from glass bottles was recycled in 2014/15 and 107,818 tonnes in 2015/16.

Assuming an average of 110,133 tonnes of glass bottles are recycled by O-I back into glass bottles, that is just over 50% of the glass bottles produced or imported into New Zealand.

However, New Zealand's glass bottle production/importation figures may be higher than those supplied by the Packaging Forum^{viii}, in which case the true recycling rate would be lower than 50%. Regardless, around 50% of all glass bottles produced in or imported into New Zealand are being dumped into large stockpiles or landfilled or littered. Some are put into roading applications. None of these endings for glass bottles can be described as recycling.

"63% OF ALL BEVERAGE CONTAINERS ARE ALREADY RECYCLED"

There are no jurisdictions in the world achieving this level of recovery without a CDS in place, and we can find no evidence to verify this claim in New Zealand.

'Bottled Up'^{ix}, a recent report by the Container Recycling Institute in California, found that overall recycling rate for beverage containers in non-deposit states was 30%. This contrasts with the 66 – 96% recycled in the 11 U.S. states with active container deposit laws.

We can find no reason to suggest New Zealand current recovery rates are higher than that of non-deposit states in the USA.

"96+% OF KIWIS HAVE ACCESS TO KERBSIDE OR COMMUNITY RECYCLING"

This statement is as meaningless as saying '*100% of homes have kitchens so why would you need restaurants?*'. Most discarded beverage containers are from drinks consumed when away from the home. Kerbside recycling doesn't address these containers.

"DRINK CONTAINERS MAKE UP ONLY 11% OF LITTER"

The litter survey commissioned by the Packaging Forum, from which this statement has been drawn, was based on count rather than weight.

By weight, beverage containers are the largest single contributor to litter – especially in the marine environment. But even by count, if all beverage related waste is included, (bottles, bottle tops and straws) beverage container related waste comes out on top.

A 2014 Clean Up Australia report found that beverage containers and their associated rubbish made up

36% of all rubbish counted and were the highest percentage category of litter²⁵.

Data from the Ocean Conservancy^x, which organises the world's biggest annual marine clean-up event, puts beverage container related litter items (including cans, glass and plastic bottles, bottle tops and straws) found globally on the top of the list.

"KIWIS DON'T WANT TO PAY 13.5 CENTS EXTRA ON EVERY CONTAINER – THEY WANT KERBSIDE RECYCLING"

The public only pay a \$0.10 deposit when they purchase their beverage. There is no additional cost. If they take it back for a refund, they get all their money back. If they throw it away, someone else can pick it up and get the refund. There is a small cost to the beverage industry of less than one cent per container to fund the system^{xi}.

Overseas studies have shown no increase in the cost of beverages in deposit states compared to non-deposit states. One study^{xii} showed that drinks were cheaper in American states with deposits. In 2006, research by the Tennessee campaign for a deposit system found that a 12-pack of Pepsi cans cost an average of \$4.22 in states which used deposits, (excluding the deposit), and an average of \$4.34 in states which did not yet use deposits.

"NOT ALL CONTAINERS (LIKE WINE BOTTLES) ARE COVERED UNDER A CDS, BUT THEY ARE UNDER A VOLUNTARY PROGRAMME"

Wine bottles are part of almost every CDS around the globe. The model developed by Envision includes wine and milk bottles. It also includes other container such as pouches and LPB (Liquid Paper Board), that the Packaging Forum's public space recycling scheme does not collect. Canadian CDS schemes also cover the foil bag in boxed wine and there is no reason why a NZ CDS couldn't also.

"5689 TONNES OF PACKAGING MATERIAL (WAS) COLLECTED FOR RECYCLING IN 2016 IN PUBLIC PLACE RECYCLING BINS"

Envision carried out a survey of Local Authorities in late 2015 to see how they thought public place recycling bins were performing. 16 Councils responded representing 48% of New Zealand's population. The survey found:

1. Contamination rates ranging from 2.5%^{xiii} up to 85%
2. An average contamination rate of 37%^{xiv}
3. 'Collected' does not necessarily mean recycled, with some authorities admitting high contamination means much of the material is landfilled.

"SEPARATE COLLECTION SYSTEM WILL IMPACT THE ECONOMIC VIABILITY OF THE RECYCLING INDUSTRY"

CDS has been shown to reduce the costs of kerbside collections to councils, private companies and ratepayers. A report on the South Australian CDS system, commissioned by the South Australian EPA,

pointed out, “Councils benefit from ratepayers foregoing redemption of their container deposits.”^{xv} A recent report from the UK^{xvi} showed that Councils in England would save 35 million pounds (\$65,254,000 NZD) per year if they introduced a DRS (Deposit Return System).

If, on average, New Zealand householders put out only four beverage containers in the kerbside collections each week, the contract payment by Councils to the contractor would reduce by around \$7.10 per household per annum. In a city like Auckland this equates to a saving of approximately \$6.4 million per annum.

This saving is further increased with CDS due to less return trips for unloading due to lower volumes. A halving in volume collected would improve efficiency by a factor of 1.5 because it increases the number of houses that can be visited by 50%.

"THE PACKAGING FORUM'S MEMBERS HAVE COLLECTIVELY INVESTED \$940,000 IN COMMUNITY/COUNCIL RECYCLING INITIATIVES IN 2016"

When the size of some the members such as Coca Cola and Lion Nathan are considered, an average contribution of \$4,700 per member, membership of the Packaging Forum seems a cheap way to ensure that mandatory product stewardship schemes for packaging are not introduced in New Zealand. Additionally, the Packaging Forum has received significant amounts of public funding for all of its programmes.

SOFT PLASTIC RECYCLING SCHEME

The Packaging Forum claims that 100 tonnes of soft plastics were recycled in 2016 – representing 1.7% of the 5964 tonnes of plastic bags consumed annually (1.5 billion bags).

This is misleading because it refers to plastic bags, but their programme collects other types of soft plastic in which case the actual quantity of plastic bags collected is probably considerably lower than 100 tonnes. The Packaging Forum should adjust its figures to allow for these materials.

Compare that anaemic performance with the results of England's 5p plastic bag levy which resulted in an 85% drop in usage within six months of its introduction. Translated to New Zealand that would be a reduction of 5069 tonnes of plastic bags – in one year.

The Packaging Forum is aiming for a pathetic 11% recovery of plastic bags by 2020, but this will likely require another Government hand-out to fund expansion of the scheme. On the other hand, plastic bag levies cost government nothing, produce remarkable results and create significant funds for community and environmental projects.

RECOMMENDATIONS FOR CENTRAL GOVERNMENT

Envision stands by the findings of our 2015 report, 'InCENTive to Recycle', and recommends:

Government declare beverage containers a priority product under the Waste Minimisation Act 2008 and set a national recovery target of 85%.

To achieve the 85% target, Government would require establishment of a national Container Deposit Scheme (CDS), in which producers would put a minimum refundable deposit on all beverage containers.

That Government introduce a plastic bag ban or levy to achieve the reduction rates of 85 - 90% typical of countries that have done so.

That Government investigate the cost-effectiveness of recycling programmes promoted by the Packaging Forum and related industry groups that have received large amounts of public funding with little public or stakeholder input or scrutiny.

REFERENCED REPORTS

The Incentive to Recycle

The case for a Container Deposit System in New Zealand, Envision New Zealand Ltd., November 2015 <http://www.envision-nz.com/projects/incentive-to-recycle>

Proposed Container Deposit System for New Zealand

Cost Benefit Analysis, Covec (2016). A report commissioned by the Packaging Forum to challenge the findings of Envision's Incentive to recycle report. <https://www.recycling.kiwi.nz/blog/container-deposit-system/>

Costs and benefits of a Container Deposit Scheme for New Zealand

Review of the Packaging Forum's 2016 Cost Benefit Analysis (CBA) of a Container Deposit Scheme (CDS) for New Zealand, 2016.
<http://www.cashforcontainers.co.nz/review-of-the-packaging-forums-2016-cost-benefit-analysis-cba-of-a-container-deposit-scheme-cds-for-new-zealand/>

APPENDIX: DATA ON PLASTIC BOTTLE USAGE

- 60 million plastic bottles are consumed per hour worldwide, equivalent to:
- 1.44 billion per day
- 43.8 billion per month
- 525.6 billion per year (just over half a trillion)
- The UK consumes 38.5 million plastic bottles per day (almost 2 per day per person)
- Coca Cola produces 100 billion plastic bottles per year or 3,400 per second

The British Plastics Federation admitted in evidence to the House of Commons that “making bottles out of 100% recycled plastic uses 75% less energy”, and that, “recycled content can be up to 100%”, but that “brands should not be forced to increase the recycled content of bottles”.

Research by Ellen McArthur Foundation, suggests between 5m and 13m tonnes of plastic enters the ocean every year, where it can be ingested by seabirds, fish and other organisms. The lower level of 5 million tonnes is equivalent of all New Zealand’s waste production being tipped into the ocean each year.

By 2050 the ocean will contain more plastic by weight than fish, according to research by the Ellen McArthur Foundation.

Scientists at Ghent University in Belgium recently calculated people who eat seafood ingest up to 11,000 tiny pieces of plastic every year

Less than half of all plastic bottles are recycled. In New Zealand, we estimate between 30 and 40% are recycled.

Countries with bottle deposit/refund systems recycle between 79 and 98%. In the USA, non-deposit states recycle on average 30% and deposit states between 66% to 96% depending on the design of the deposit scheme.

Much of the above information was taken from a referenced article in the Guardian newspaper. For the full article go to:

<https://www.theguardian.com/environment/2017/jun/28/a-million-a-minute-worlds-plastic-bottle-binge-as-dangerous-as-climate-change>

ENDNOTES

- ⁱ Envision (2015) The incentive to Recycle, The case for a Container Deposit System for New Zealand
- ⁱⁱ <http://www.lgnz.co.nz/news-and-media/2016-media-releases/eight-important-issues-debated-at-local-government-new-zealand-agm/>
- ⁱⁱⁱ <http://www.zerowastescotland.org.uk/news-article/deposit-return-scheme-scotland>
- ^{iv} <https://lovinmalta.com/news/news-politics/13-major-plans-prime-minister-unveiled-today>
- ^v https://www.theguardian.com/environment/2017/oct/02/michael-gove-calls-for-views-on-setting-up-plastic-bottle-deposit-return-scheme?CMP=share_btn_fb
- ^{vi} This may be understated as some glass bottle importers may not disclose their quantities –especially non-members.
- ^{vii} Data provided by Penny Garland, Regional Cullet Manager, O-I Asia Pacific in an email dated 22nd September 2017
- ^{viii} The Packaging Forum only represents 80% of producers.
- ^{ix} <http://www.container-recycling.org/index.php/publications/2013-bottled-up-report>
- ^x <https://oceanconservancy.org/>
- ^{xi} See page 39 of ‘The Incentive to Recycle’ report, www.envision-nz.com
- ^{xii} <http://www.container-recycling.org/index.php/publications/2013-bottled-up-report>
- ^{xiii} The council that provided the 2.5% figure has since explained that their contamination rates are much higher
- ^{xiv} The council recording 2.5% contamination has since revised their estimation upward considerably
- ^{xv} Container Deposit Legislation: Economic and Environmental Impacts Prepared for the South Australian EPA by Phillip Consulting Pty, Ltd, March 2000 (Referred to as the Hudson report).
- ^{xvi} See Table 8., Page 41, ‘The Incentive to Recycle’ report www.envision-nz.com