



Spirits New Zealand

Submission to the Ministry for the Environment

Consultation on the Proposed Priority
Products and Priority Product
Stewardship Scheme Guidelines

October 2019



Introduction

Spirits New Zealand is the national trade organisation representing New Zealand's leading producers, distributors, brand owners, importers and exporters of premium spirits and spirit-based drinks. Our members are Asahi, Bacardi, Beam Suntory, Brown-Forman, Diageo, Hancocks, Lion, Moet-Hennessy and Pernod Ricard. In addition we have three associate members who are Lactinol, EuroVintage and Federal Merchants.

Spirits NZ represents over 96% of spirit industry interests in New Zealand.

We welcome the opportunity to make this submission to the Ministry for the Environment as it gathers insights on what packaging to include as priority products under the Waste Minimisation Act as it looks to progress policies to enable a Container Deposit/Return Scheme (CDS). We note with some dismay however the recent announcement by the Associate Environment Minister that Auckland and Marlborough Councils will begin a process of devising how a resulting CDS will be run.

It seems nonsensical to us that such a process has been established when, at the very least, decisions on what products are to be included in a CDS have not been made. We understand that MfE believes that the consultation on priority products and the other process can be run separately.

We disagree. We urge the Ministry to run this consultation to its conclusion including a comprehensive cost/benefit analysis which could then be used to properly inform the development of a CDS. Not to do so challenges the impartiality of the overall consultation process.

In developing this submission Spirits NZ notes that individual members will also submit their views. This document should be read in conjunction with their submissions.



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Submission – Important Contextual Note

1. We bring to the Ministry's attention an important matter with significant potential material impact on the wider beverage alcohol sector. This matter relates to the implementation of a CDS necessitating the need to adjust label design and content.
2. The beverage alcohol industry is currently in consultation with Food Standards Australia New Zealand (FSANZ) on a range of labelling matters that will also impact label design and content. Provisional timings based on the discussion document would have decisions about CDS labelling overlapping with some, if not all, of the three other potential label changes needed from the FSANZ process.
3. Label changes are not inexpensive exercises. For larger companies a single label change can cost upwards of \$10,000 - \$15,000 per stock unit (assuming that changes are only required on the label itself and not on other product packaging) and for smaller enterprises labels are pre-printed and held in stock for up to three years to reduce costs.
4. We would ask the Ministry to work with FSANZ and the Ministry of Primary Industries to coordinate label changes such that only one re-design is required and that sufficient transition periods are developed to allow, in particular, smaller producers to run existing label stocks down.

Submission

Our Position

5. This submission primarily focuses on responding to Question 5(a) on page 36 of the consultation document. We note that the current discussion is the first step in a longer process but also note that the desired policy end point for beverage alcohol producers is a yet to be designed CDS.
6. Although we support the overall objectives as outlined in the consultation document we do not believe sufficient thought or insight has been applied to some packaging types, current schemes and collection rates for these packaging types and their resulting environmental waste impact. We refer to, in particular, the use of aluminium and glass as beverage alcohol containers.
7. We believe that neither aluminium or glass used in the spirits and indeed in the wider beverage alcohol sector should be declared priority products because:
 - a. Current collection rates through kerbside recycling (in particular) are excellent and growing.
 - b. The impact of aluminium and glass from beverage alcohol on the waste stream is minimal.
 - c. Both aluminium cans and glass bottles used for spirits and spirits-based beverages as well as the wider beverage alcohol sector are minor contributors to littering at 2.1% and 2.4% respectively.¹
8. More specifically, because of the above and because spirits form such a minor part of the waste stream in their own right, we believe that spirits containers should not be considered as being part of this discussion and not be considered part of any resulting CDS scheme.
9. In our view the consultation process and its outcome should be more rightly focused on the use of directive measures such as CDS to better manage plastic container waste streams and to include aluminium and glass is not appropriate – for any beverage alcohol category. In saying this we acknowledge that plastic carries with it an undeniably complex set of issues relating to their collection, storage and eventual recycling or re-use.
10. In our view the same complexity does not exist for other beverage container types.

¹ National Litter Survey, Summary of Results 2017/18, page 12.

Glass

11. As stated above we do not believe glass beverage alcohol containers should be declared a priority product and, therefore, included in a CDS. We are aware there will be much debate about this point and make the following comments noting that much of what we say here is equally applicable to aluminium.
12. A CDS that specifically singles out some glass containers but not others (e.g. jam containers versus spirit containers) will add a level of complexity to collection and recycling that will:
 - a. Increase costs (to producers, consumers and recycling 'agencies')
 - b. Reduce the collection efficiency/effectiveness of kerbside collection potentially making this type of collection unprofitable in some centres.
 - c. Increase glass to landfill rates
13. Further, in our view government needs to carefully consider the efficacy of current collection rates for beverage alcohol containers and note – or at least clearly understand – the unique qualities of glass as a recyclable substance and the success of the current voluntary product stewardship scheme before classifying a decision to include glass (and aluminium) as a priority product.
14. It is not our intention to give a detailed exposition under these points raised in paragraph 13 but instead refer officials to the excellent OI submission and the submission from the Glass Packaging Forum. We do note however that the greatest risk to a sustainable glass recycling scheme is not a willingness of the consumer or industry to recycle but lies in the way some Councils choose to collect recyclable products.
15. Auckland Council's co-mingled recycling regime is an example of how the lack of an expedient system for separating glass from plastic and paper at the gate (something adopted by many other Councils in New Zealand) is an ongoing risk to any recycling scheme. We urge the Ministry to address this issue as part of this and subsequent processes.

Regulatory Provisions

16. Lastly, we believe that neither glass nor aluminium meet the required provisions in the Waste Minimisation Act to be declared a priority product.
17. The critical test resides in Section 9(2) of the Act which states that for the Minister to declare a priority product they must be satisfied that:
 - (a) either—
 - (i) the product will or may cause significant environmental harm when it becomes waste; or
 - (ii) there are significant benefits from reduction, reuse, recycling, recovery, or treatment of the product; and
 - (b) the product can be effectively managed under a product stewardship scheme
18. Such are the current and projected recycling rates for glass and aluminium and the nature of these products in the environment that we contend 9(2)(a)(i) does not apply. Similar because of the status of the current voluntary stewardships scheme(s) neither does 9(2)(a)(ii) or 9(2)(b).