



PROACTIVE RELEASE COVERSHEET

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| Minister | Hon. David Parker Hon. Rachel Brooking | Portfolio | Environment |
| Name of package | Container return scheme (CRS) stakeholder meeting notes | Date to be published | 16/10/2023 |

List of documents that have been proactively released

This release package includes meeting notes to the Minister for the Environment for meetings with various container return scheme (CRS) stakeholders.

Please note the release of these documents relates to OIA request(s) received on the topic of the CRS.

| Date | Title | Author |
|-----------------|--|------------------------------|
| 1 April 2021 | Briefing: Container Return Scheme stakeholder meeting with the recycling group, 8 April 2021 | Ministry for the Environment |
| 7 April 2021 | Briefing: Container Return Scheme stakeholder meeting with the New Zealand Beverage Council, 12 April 2021 | Ministry for the Environment |
| 3 May 2021 | Briefing: Container Return Scheme stakeholder meeting with the Technical Advisory Group Chair Dave Brash, 6 May 2021 | Ministry for the Environment |
| 6 May 2021 | Briefing: Container Return Scheme - Meeting with Project Team, 10 May | Ministry for the Environment |
| 10 May 2021 | Briefing: Container Return Scheme stakeholder meeting with Sue Coutts (Zero Waste Network Aotearoa) and Hannah Blumhardt (NZ Product Stewardship Council), 17 May 2021 | Ministry for the Environment |
| 10 May 2021 | Briefing: Container Return Scheme stakeholder meeting with Robert Kelman, 13 May 2021 | Ministry for the Environment |
| 25 May 2021 | Briefing: Container Return Scheme stakeholder meeting with Markus Fraval and James Newton (TOMRA), 26 May 2021 | Ministry for the Environment |
| 8 November 2022 | Briefing: Meeting with Lion, Asahi and CCEP, 9 November 2022 | Ministry for the Environment |
| 7 March 2023 | Briefing: Container return scheme stakeholder meeting with Robert Kelman (Reloop), Weds 8 March | Ministry for the Environment |

Information redacted**YES**

Any information redacted in this document is redacted in accordance with the Ministry for the Environment's policy on proactive release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Summary of reasons for redaction

Some information has been withheld for the reasons under: Section 9(2)(b)(ii) protecting information where the making available of the information would be likely unreasonably to prejudice commercial position commercial information; Section 9(2)(g)(i) maintaining the effective conduct of public affairs; Section 9(2)(ba)(i) protecting information which is subject to an obligation of confidence; and Section 9(2)(i) carrying on, without any prejudice or disadvantage, commercial activities.

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Meeting Note - CRS stakeholder meeting with the Recycling Group, 8 April 2021

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|-----------------|---------------|--------------------------|------------|
| Date Submitted: | 01 April 2021 | Tracking #: 2021-B-07821 | |
| Security Level | In Confidence | MfE Priority: | Non-Urgent |

| | Action sought: | Response by: |
|--|--|--------------|
| To: Hon David Parker, Minister for the Environment | Please read before meeting with the Recycling Group on 08 April Briefing 2021-B-07767 CRS Scope of Containers may also assist if read prior. | N/A |

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|---|---|
| Actions for Minister's Office Staff | Return the signed briefing to Ministry for the Environment (the Ministry). |
| Number of appendices and attachments: 3 | 1: Talking points 2: Supplementary background on attendees' organisations 3: Supporting information |

Ministry for the Environment contacts

| Position | Name | Cell phone | 1 st contact |
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Ministry for the
Environment
Manatū Mō Te Taiao



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Meeting Note - CRS stakeholder meeting with the Recycling Group, 8 April 2021

Overview

1. You are meeting with the Recycling Group on Thursday 8 April 2021, from 3.15 to 4pm.
2. This briefing provides background information and key talking points for your meeting with members of the Recycling Group, an informal feedback group of commercial operators involved in New Zealand's recycling industry, including materials recovery facilities (MRFs), waste collection services and material re-processors. The meeting attendees include:
 - Nick Baker, General Manager (New Zealand) Visy Recycling.
 - Craig Downie, CEO EcoCentral (Christchurch)
 - David Howie, General Manager (Lower North Island) Waste Management
 - Jason Miles, CFO EnviroNZ
 - Todd McLeay, CEO Smart Environmental
3. This meeting is one of a suite of meetings with stakeholders with particular interest in aspects of a Container Return Scheme (CRS) option for New Zealand. These meetings present an opportunity for you to:
 - formally meet some of the key stakeholders involved in the CRS co-design project
 - further understand varying stakeholder views on a CRS design for New Zealand
 - discuss any alternative design considerations or proposals, as applicable.
4. The Recycling Group has requested an audience with you to discuss the Project Team's draft CRS design. From previous engagement, the Ministry understands that the group:
 - is not opposed to the introduction of an NZ CRS
 - seeks to understand more about the proposed scheme financials: how the unclaimed deposits in kerbside bins will be allocated and who will own the scheme eligible materials left in kerbside
 - is interested in the scheme's alignment with the kerbside standardisation work.

Stakeholder background and context

5. The recycling industry was engaged in the CRS co-design process through Nick Baker's (Visy) membership in the CRS Scheme Design Working Group (SDWG).
6. Members of the Recycling Group met with Ministry officials in November 2020 to discuss the Project Team's CRS co-design.
7. Visy (Auckland) and EcoCentral (Christchurch) are New Zealand's only 'large' MRFs managing approximately ~65% of the total kerbside materials between them¹.
8. Visy already owns of New Zealand's only glass beneficiation as a part of its Auckland MRF operations.² Visy Glass has recently (in 2020) acquired OI's New Zealand and Australian glass furnace operations. The OI Glass furnace in Auckland is now called Visy Glass. This

¹ MRFs included in this calculation receive ≥1000T of material per annum.

² Beneficiation is the process of removing contamination from glass prior to furnace eg, metal neck rings and lids from wine bottles can cause significant damage to a furnace.

acquisition by Visy took place during the co-design process and changed the dynamic within the Recycling Group. s 9(2)(b)(ii), s 9(2)(g)(i)

9. The Ministry has engaged with Visy Glass separately to this group to discuss options for improving New Zealand's onshore processing through put tonnages for glass at the beneficiation and furnace capacity stage.
10. Supplementary information about attendees' respective organisations is attached at Appendix 2.

Key topics for discussion

Recycling industry is ultimately supportive of a CRS

11. While challenging of the co-design process, the recycling industry has been broadly supportive of the prospect of a NZ CRS; the Recycling Group has communicated its support for an NZ CRS to the Ministry following the co-design process. Notably this includes Nick Baker (Visy), who is also a representative of Visy Glass.
12. Overall benefits are significantly boarder, however the updated CRS scheme financial modelling (2021-B-07767 refers) demonstrates that councils and materials recovery facilities (MRFs) would accrue \$81 million from direct savings and revenue in year one of the scheme.³ This equates to approximately \$50 saving per household because of a CRS.
13. This saving alone is close to the net scheme financial cost to the average household participating in an NZ CRS at \$51/yr (under a 20c scenario and noting \$40 of the \$51 net cost to participating households would be GST on deposits).

Scheme financials: operator costs and unclaimed deposits

14. The Recycling Group have particular interest in the scheme financials of the CRS design, given the nature of the MRF operations including revenues from commodity sales. The operators are also interested in ensuring that their assets and interests are fully leveraged within the scheme design.
15. Specifically, the Group has expressed the need for an agreed financial mechanism with MRFs to address scheme auditing costs, additional administrative and processing fees, and offsets for overall material loss and higher-value material loss attributed to the scheme.
16. The Group seek to ensure that MRF operators are able to claim the deposit fee (or an agreed portion of it) per eligible container collected through kerbside recycling.
17. Decisions regarding council versus MRF ownership of unclaimed container deposits (collected through kerbside recycling) sits between both recyclers and councils⁴, noting that

³ This financial modelling is based on a 30 year time horizon and assumes full pass-through of costs to consumers, a 20c deposit, and deposit (versus refund) financial model.

⁴ The relationships between councils, kerbside collections and MRF processing operations vary significantly across NZ. At one end of the spectrum council owns and operates all elements of the system eg, Palmerston North, just down the road Kapiti Coast do not provide any services at all, instead opting for a bylaw mechanism to require services be made available to residents should they wish to contract for them individually. Most often though, councils

not all councils have direct relationships with MRF operators. Some councils only have one collection contractor that also encompasses the processing costs aspect.

18. The co-design process suggested a 50:50 split of unclaimed deposits through kerbside as a starting point for these future potential negotiations. Further, to incentivise the parties involved, with sufficient notice and prior to commencement of a scheme, it could be an option to withhold the ability of MRF operators to claim deposit refunds on eligible MRF materials until a satisfactory revenue sharing agreement is reached.

Ownership of CRS-eligible material

19. The Group has also voiced its concern regarding the ownership of CRS-eligible containers recovered by MRFs through kerbside collection. The Group maintains that MRF operators should retain ownership of these materials in order to ensure their commercial viability and retain the option to sell CRS containers through their own commercial arrangements.

Ministry comment

20. Ministry officials have discussed the above issues with members of the Group in November 2020.
21. From a scheme management perspective, by the very nature of the business and as aggregators of scheme material, recyclers pose a significant fraud risk within a scheme. Fraud risk requires very careful management within scheme design and operations. The Scheme Managing Agency would ultimately be responsible for fraud risk management (including aspects oversight and the potential for ownership of the materials) in order to ensure regulated recycling targets and outcomes are met in a cost-effective manner.
22. Finer details regarding unclaimed deposits and ownership of recovered material collected through kerbside recycling can be determined once the wider scheme design objectives and elements have been finalised. For example, the deposit level (eg, 10c, 20c, 30c) will impact both the value and quantity of eligible containers left in the kerbside bin.
23. Officials recognise the need for Group members to have clarity on their financial viability. The option of cost-sharing for unclaimed deposit is best negotiated between the contracted parties involved in kerbside operations - ie, councils and contractors for collections and/or MRF operations. There is a natural mutually beneficial interest in arriving at a fair split of the new revenue stream in light of the loss of material volume.
24. Note, in some cases, MRF assets are operated under contract and ultimately belong to Councils. Auckland's Visy plant is a build, own, operate and transfer (BOOT) contract, which sees the asset delivered to Council at the end of the contract (eg, the Visy Auckland MRF plant will become Auckland Council's asset in July 2024).

CRS alignment with kerbside standardisation

25. The Recycling Group broadly supports the kerbside standardisation work the Ministry is currently progressing. In particular there is support for standardising the materials collected nationally in order to reduce contamination in recycling. The Group are likely interested in

contract for collection services and this contract can include the MRF processing costs, or these can be negotiated/contracted separately by the council.

ensuring that any development of a CRS works in alignment with improvements to kerbside standardisation.

26. A CRS is complementary to kerbside standardisation, as a means of increasing recovery beyond the limitations of kerbside, reducing kerbside collection costs (collection frequency), and increasing revenues associated with the management of materials (deposit value far exceeds commodity value per container). A CRS is also complementary to wider system improvements eg, investment in transfer stations and community recycling centres that prioritise recovery and waste minimisation. This whole system improvement approach is what has been happening in Australia. The latest state to announce a four bin kerbside system, CRS and significant investment in resource recovery infrastructure is Victoria. As the subjects are closely linked, more detail on kerbside standardisation is provided as supporting material below.

Broader support for an NZ CRS

27. Local Government New Zealand's 2018 waste remit (which supported the introduction of a container return/deposit scheme) passed with 96% support from Mayors, and a 2017 WasteMINZ survey demonstrated 83% support from the New Zealand public.
28. Many co-design working group members and the stakeholders they represent are in favour of a scheme. We note they have not asked to meet with you given the outcome of the co-design process from their perspective was favourable (refer co-design stakeholder evaluation table attached at Appendix 3).
29. Further information regarding the broader context of support for an NZ CRS is supplied at Appendix 3.

Signatures



Shaun Lewis

Director – Waste and Resource Efficiency

Ministry for the Environment

Date 01/04/2021

Hon David Parker

Minister for the Environment

Date

Appendix 1: Talking points

The Group is likely to have strong views, in discussions you could:

- Thank the Group for its engagement on the subject of a container return scheme and for their commitment to improving outcomes in the sector.
- Reiterate that Ministers' decisions whether to proceed with an NZ CRS are expected to be made in 2021.
- Acknowledge the Group's concerns regarding unclaimed deposits and ownership of materials collected through kerbside recycling under a proposed CRS.
- Note that scheme operational details will need to be further considered pending a decision to implement a scheme, and once the details of a scheme are able to be understood by all parties ie, post public consultation and as a part of an implementation phase.
- Enquire which design elements of a CRS do members perceive as most critical for their respective organisations and why.
- Enquire as to their preferences for how these scheme design considerations should be managed.
- Enquire as to how Group members see a CRS and kerbside standardisation interacting and what the key dependences are.

Appendix 2: Supplementary background on attendees' organisations

| | |
|--|--|
| <p>Nick Baker General Manager (New Zealand)</p> <p>Visy Recycling</p> | <ul style="list-style-type: none"> Visy is a multinational recycling company and is one of the largest commercial waste operators in NZ. It has recently procured OI Glass in Auckland (now Visy Glass). s 9(2)(b)(ii) Auckland MRF has a Build Own Operate Transfer (BOOT) contract with Auckland Council. Plant ownership expected back to Auckland Council on 30th June 2024 Auckland Council provided a \$28.8m bailout 2018, via an increase in contracted fee from \$2 million to \$9.2m a year for potentially up to four years The Auckland MRF upgrade has received \$16M from the CRRF |
| <p>Craig Downie Chief Executive Officer</p> <p>EcoCentral</p> | <ul style="list-style-type: none"> EcoCentral process the recycling collections from Christchurch City for both household and commercial premises. Owned by Christchurch City Council as a CCTO (Council Controlled Trading Organisation) s 9(2)(b)(ii) Christchurch City Council bailed out EcoCentral in 2018, by \$3.2 million The Christchurch MRF upgrade has received \$16.8 million from CRRF |
| <p>David Howie General Manager (Lower North Island)</p> <p>Waste Management</p> | <ul style="list-style-type: none"> One of two largest waste companies in NZ Provides services under a range of brands Operates 3 of 20 MRFs in NZ s 9(2)(b)(ii) Services include: <ul style="list-style-type: none"> Domestic kerbside waste & recycling collection Commercial recycling collection Transfer stations Resource recovery centres Landfill operations |
| <p>Jason Miles Chief Financial Officer</p> <p>EnviroNZ</p> | <ul style="list-style-type: none"> One of two largest waste companies in NZ Operates 2 of 20 MRFs in NZ s 9(2)(b)(ii) Services include: <ul style="list-style-type: none"> Domestic kerbside waste & recycling collection Commercial recycling collection Transfer stations Resource recovery centres Landfill operations |
| <p>Todd McLeay Chief Executive Officer</p> | <ul style="list-style-type: none"> Provides waste and recycling collection services in areas across the North and South islands Private waste company (connected to Northland Waste) Operates 4 of 20 MRFs s 9(2)(b)(ii) |

| | |
|----------------------------|---|
| Smart Environmental | <ul style="list-style-type: none"> • Other services include: <ul style="list-style-type: none"> - Kerbside waste & recycling collection - Commercial recycling collection - Commercial C&D waste diversion - Transfer stations - Resource recovery centres |
|----------------------------|---|

Appendix 3: Supporting Material

Dependencies between councils and recyclers

30. Given the Recyclers Group provide contracted services to local government, and these costs are largely passed on to rate payers, it is important to consider their views in balance with local government experts who also understand the contractual relationships and costs and benefits of with wider system and a potential CRS.
31. In terms of operations, while interlinked, kerbside-recycling systems can be considered by their different components e.g., kerbside collections and material recovery facilities (MRF) operations. This is important as MRFs also sometimes receive commercial recycling for processing. Historically, kerbside collections have been rates-funded (the majority of council's contract for collection services) and MRF operations (processing costs) have been partially offset by the sale of the recyclable materials.
32. Contractual arrangements for collections and MRF processing can see Councils and contractors exposed to differing levels of risk sharing associated with market commodity price fluctuations i.e., when commodity prices are up (who benefits) and when they are down (who pays) is the essence of the contractual considerations between parties. Given council sensitivities to unbudgeted costs and historical market volatility and recent downturns in commercial value, many councils now simply pay a processing fee. However, when markets are particularly volatile, even an agreed processing fee can be insufficient.
33. When the mixed fibre price plummeted in 2018 following China National Sword, Auckland Council had to bail out the Visy MRF for up to \$28.8 million (over four years). EcoCentral was similarly bailed out by Christchurch City Council for \$3.2 million. This globally experienced market adjustment was then further compounded by COVID19 and in part, resulted in the CRRF upgrades to these nationally significant plants s 9(2)(b)(ii)
34. In summary, **selling recycled commodities (plastics, paper, metals) helps to offset the costs of the operations, however, for almost all New Zealand's communities with services, kerbside recycling is a rates-funded activity and therefore, a public good outcome under the current model.**
35. The counter factual is that recyclable materials are a waste stream in the absence of diversion to a recycling system. The added disposal costs for these materials means the public good also has an economic driver for councils, which aids the business case for recycling when it comes to calculating costs and benefits for local government. It is noteworthy that some councils are challenged by kerbside recycling costs where they also profit from disposal activities.
36. The few Councils that do not provide kerbside services at all generally have fierce competition for private market share of kerbside waste services eg, Kapiti Coast District Council was forced out of the market when its market share fell below 10%. This happened because of the private companies competing for resident's kerbside waste collection services. In order to gain market share and sign on customers, waste collections service providers can run "sign up" deals at very low prices. Council's contracting for the same services with the same companies cannot compete unless they rates fund waste collection services (i.e. those that use pay as you throw are more vulnerable to erosion by the private market).

37. Once private market contracts exist between a household and waste collections contractor, costs can quickly escalate after the low-cost sign-up period is over. s 9(2)(ba)(i), s 9(2)(b)(ii)

[REDACTED]

. How to manage this challenge in the market is one of the most important considerations for kerbside standardisation project and the WasteMINZ report is virtually silent on the matter.

38. Note: the CRS recycling stakeholder group includes companies that hold both significant council kerbside collection contracts and private market share for kerbside waste services in New Zealand.

CRS alignment with kerbside standardisation

39. Most CRS schemes develop a MRF protocol: an agreement between recyclers and the CRS managing agency (potentially with government input and/or oversight, depending on the implementation model) in order to manage the risks of fraud inherent with a scheme where the deposit value of containers far exceeds the physical material value. In practice, this means that beverage containers can still be baled with other non-beverage products of the same material type and be on-sold (either by the recycler, scheme manager or through an auction portal run by the scheme manager). The ratios of scheme versus non-scheme materials need to be regularly checked to ensure the scheme is not over or under paying.
40. Projected CRS alignment with kerbside standardisation by material type:
- **Plastic #1** – no change if kerbside is standardised; under CRS normal MRF operations are subject to a new audit regime if deposits are being claimed
 - **Plastic #2** – no change if kerbside is standardised; under CRS normal MRF operations are subject to a new audit regime if deposits are being claimed
 - **Beverage cans, aerosol cans and foil** – aerosol can and metal foil have been recommended to be removed from kerbside recycling in the WasteMINZ report, under CRS normal MRF operations are subject to a new audit regime if deposits are being claimed
 - **Liquid paperboard (LPB)** – LPB has been recommended to be removed from kerbside recycling as only one council currently collects this product and it is not being fully recycled. LPB is almost exclusively used for beverages though in some cases these are used for non drinking beverages such as vegetable stock One option would be to divert all LPB containers to a CRS.
 - **Glass bottles and glass jars** – no change if kerbside is standardised; glass bottles would likely need to be collected separately in order to maintain the integrity of the bottle for verification purposes. These would be subject to a new audit regime if deposits are being claimed.
41. Further detailed information regarding the scope of containers (material streams) in the proposed Scheme Design is provided in 2021-B-07767 – CRS Scope of Containers.

Broader support for an NZ CRS – including some those that voted down the co-design

Table 1: Scheme Design Working Group individual representative evaluations of the Project Team's Design (confidential)

| Sector | Represented by | Score (out of 22) |
|---------------|----------------|----------------------|
| s 9(2)(ba)(i) | | 22 (100%) |
| | | 22 (100%) |
| | | 20 (91%) |
| | | 19 (86%) |
| | | 19 (86%) |
| | | 19 (86%) |
| | | 18 (82%) |
| | | 17 (77%) |
| | | 16 (73%) |
| | | 6 (27%) |
| | | 6 (27%) |
| | | 5 (23%) |
| | | 4 (18%) |
| | | 4 (18%) |
| | | 4 (18%) |
| TOTAL | | 200/330 (61%) |

42. Of the six representative stakeholders who did not support the NZ CRS Design, five have subsequently engaged with the Ministry to provide their recommendations for changes to the design s 9(2)(ba)(i)

It is important to note these stakeholders are 'in favour of' and

'not opposed to' a CRS respectively ie, they do not oppose a scheme entirely as table 1 suggests, but they do oppose the landed design from the co-design project.

43. The glass industry lobby has also proposed an alternative advance disposal fee model for container glass only. The Glass Packaging Forum (GPF) have been clear that they also do not oppose a NZ CRS s 9(2)(g)(i) and are happy to work alongside an NZ CRS with a reduced scope of containers such as plastic, aluminium and liquid paperboard. The GPF stakeholders strongly oppose glass being included in a NZ CRS. You are meeting with the GPF on 14 April to discuss these matters; the Ministry will provide you with supporting material prior to this meeting.
44. Nick Baker and Visy is a key stakeholder in both the Recycling Group and the GPF, and it appears these groups have different positions on a NZ CRS. Given the size of the New Zealand market, it is unavoidable and there are many occasions where key stakeholders wear multiple hats.
45. The Ministry's website currently advises these and other stakeholders that the Ministry is *"currently coordinating and analysing all outputs from the co-design project in order to provide Ministers with advice on the costs and benefits of introducing a scheme, the critical scheme design options, and the key next steps"*. s 9(2)(g)(i)

[REDACTED]



Meeting Note – Container Return Scheme stakeholder meeting with the New Zealand Beverage Council, 12 April 2021

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|-----------------|---------------|--------------------------|------------|
| Date Submitted: | 07 April 2021 | Tracking #: 2021-B-07758 | |
| Security Level | In Confidence | MfE Priority: | Non-Urgent |

| | Action sought: | Response by: |
|--|---|---------------|
| To: Hon David Parker, Minister for the Environment | Please read before meeting with the NZBC on 12 April [Briefing 2021-B-07767 CRS Scope of Containers may also assist] | 13 April 2021 |

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| Actions for Minister's Office Staff | Return the signed briefing to Ministry for the Environment (the Ministry). |
| Number of appendices and attachments: 3 | 1: Talking points 2: Supporting Information - CCA and Lion's alternative proposal 3: Coca-Cola Amatil and Lion's discussion paper (in full) |

Ministry for the Environment contacts

| Position | Name | Cell phone | 1 st contact |
|---------------------|-------------------------------|--------------|-------------------------|
| Principal Authors | Jojo Woodham Roderick Boys | | |
| Responsible Manager | Annabelle Ellis | 022 009 7624 | |
| Director | Shaun Lewis | 021 101 2446 | ✓ |



Meeting Note – Container Return Scheme stakeholder meeting with the New Zealand Beverage Council, 12 April 2021

Overview

1. You are meeting with representatives from the New Zealand Beverage Council (NZBC), Coca-Cola Amatil (CCA) and Frucor Suntory on 12 April, from 3.15 to 4pm.
2. This briefing provides background information and key talking points for your meeting with the NZBC, Coca-Cola Amatil and Frucor Suntory. Meeting attendees include:
 - Emily Fuller, NZBC General Manager Public Affairs
 - Bruce Sherman, NZBC President
 - Clarke Truscott, Coca-Cola Amatil Sustainability Manager, industry CRS expert
 - Ben Walkley, Frucor Suntory Sustainability Manager, industry CRS expert
3. This meeting is one of a suite of meetings with stakeholders with particular interest in aspects of a Container Return Scheme (CRS) option for New Zealand. These meetings present an opportunity for you to:
 - formally meet some of the key stakeholders involved in the CRS co-design project
 - further understand varying stakeholder views on a CRS design for New Zealand
 - discuss any alternative design considerations or proposals, as applicable.

In particular, this meeting is a chance for you to discuss the NZBC's work on cultivating a circular economy in the beverage sector and the alternative scheme design proposed by Coca-Cola Amatil and Lion.

4. From previous engagement, the Ministry understands that the NZBC:
 - is not opposed to the introduction of an NZ CRS
 - is opposed to some of the key co-design project recommendations for a NZ CRS
 - supports the alternative CRS scheme design proposed by Coca-Cola Amatil and Lion (in full at Appendix 3, and summarised below)
 - is actively pursuing an industry-led CRS model similar to those established in Queensland and Western Australia
 - supports the CCA view that a scheme should have a broad scope of containers i.e. including glass

Stakeholder background and CRS context

5. The NZBC represents 75% of New Zealand's non-alcoholic ready-to-drink beverages sold at retail. Its membership comprises over 50 companies including Coca-Cola Amatil, PepsiCo, Frucor Suntory, Fonterra, Lion and Red Bull. It also includes supply chain partners such as Chelsea Sugar and the Glass Packaging Forum.
6. In addition to its positions on recycling and waste management, the NZBC has published positions on other matters that relate to Government policy such as obesity, sugar tax, dental health, marketing to youth, water bottling, labelling, energy drinks, etc.

7. CCA and Lion note that they are two of the largest beverage manufacturers globally, and estimate that, together, they supply nearly 50% of the beverage containers considered in scope of a NZ CRS.
8. CCA and Lion have been involved in the operation and administration of container deposit (or refund) schemes for more than 40 years in Australia. Both Lion and CCA have representation at board level in most (if not all) Australian schemes. These two companies are the largest in terms of annual turnover in the New Zealand market and they note their ability to leverage their extensive experience and resources to work collaboratively for Government to deliver a successful scheme with industry support.
9. Attendees at your meeting will include two members of the co-design Scheme Design Working Group (SDWG):
 - a. Clark Truscott, Sustainability Manager at Coca-Cola Amatil participated in the co-design process representing the NZBC on the SDWG;
 - b. Emily Fuller, NZBC General Manager of Public Affairs, participated in the co-design process representing Retail NZ on the SDWG (ie, in her previous Government relations role at Retail NZ).
10. Both the NZBC/CCA and Retail NZ s 9(2)(ba)(i) are not opposed to a container return scheme for New Zealand. On 11 December 2020, CCA and Lion conjointly submitted a discussion paper outlining their proposed alternative CRS scheme design to the Ministry. Both the NZBC and Frucor Suntory have expressed their support of CCA and Lion's proposal.
11. s 9(2)(ba)(i)
12. On 22 December 2020, the NZBC provided its written support for CCA and Lion's proposal. The Ministry understands that the NZBC particularly supports the plastic beverage container producers' perspective that a scheme should include glass in the scope of containers.
13. Coca-Cola Amatil and Lion's proposed alternative scheme design is outlined briefly below and discussed in further detail in Appendix 2 and attached in full in Appendix 3.

CCA and Lion's alternative proposal

14. In order to consider CCA and Lion's alternative proposal and noting the question of container scope has been addressed in the previous section, it is useful to recall the *"conceptual balance of key design considerations"* including Governance arrangements, scheme structural arrangements, network convenience, targets, the deposit level, and scheme financial model [2021-B-07615 refers; and Appendix 2]. In brief, the proposal considered through these key design considerations includes:
 - a. **governance arrangements** - a Producer Responsibility Organisation (PRO) as a registered charity (subject to legal advice), with a ten member industry-led governance board with five beverage industry directors; industry appointed independent directors including legal, financial and sustainability directors; and Government appointed independent chair and community directors.
 - b. **scheme structural arrangements** – PRO as a single registered charity that is accountable for all scheme operations (via contracts with the PRO) and the achievement of all targets set by Government.
 - c. **network convenience** – PRO led procurement of the network (with Government input into the evaluation process and approval step for key contracts). Mandatory retailer participation in a NZ scheme is opposed by NZBC, CCA and Lion. The proposal notes this may still occur through the procurement pathway to network establishment.
 - d. **targets** – established by government for container recovery, escalating over time; accessibility and coverage; scheme awareness and emission reduction.
 - e. **deposit level** - 10c (including GST)
 - f. **scheme financial model** – *"the scheme will not bare the financial costs for containers that are not recycled"* i.e. the "refund" or "redemption" financial model, as opposed to the deposit financial model where deposits are paid by the beverage producers into the scheme on all containers sold to market, irrespective of recovery.
15. There are many more aspects discussed within the full proposal (Appendix 3), including the approach to setting scheme regulations (pages 18-19); scheme participant roles and responsibilities (pages 22-26); cost sharing arrangements (pages 33-40) integration with MRF operations (page 45); audit and verification process (page 51-55); etc.
16. While important, these details are secondary to the "key design considerations" summarised above, and the overall balance of incentives and interests within a scheme the proposal seeks to establish.
17. This proposal as it stands would put the proposed PRO in a strong position to manage the scheme towards the targets (within a regulatory framework) as it sees fit. It is useful

to recall that this is a discussion document; a key question is whether the industry is open to a PRO model within a stronger regulatory framework than has been proposed.

18. The key design considerations are discussed in further detail at Appendix 2.

Signatures



Shaun Lewis

Director – Waste and Resource Efficiency

Ministry for the Environment

Date 07/04/2021

Hon David Parker

Minister for the Environment

Date

Appendix 1: Talking Points

The Group is likely to have strong views and be positive towards the opportunity of an industry led CRS in New Zealand. They may offer critique of the SDWG process and co-design recommendations.

In a letter to you dated 1 April 2021, the NZBC acknowledged this upcoming meeting, and included “seven key policy decisions” considered necessary in order to design a successful scheme for New Zealand. It noted these decisions as:

- a. Scope of containers
- b. Collection targets
- c. Deposit level
- d. Financial structure
- e. Collection network design
- f. Governance
- g. Climate change mitigation

You may wish to:

- Acknowledge the NZBC for their engagement in the process to date and welcome their proposed alternative design and recent letter.
- Reiterate that Ministers’ decisions whether to proceed with an NZ CRS are expected to be made in 2021.
- Ask the attendees for their views on what they consider would constitute a successful scheme design (using the above “seven key policy decision” headings to guide the discussion).
- Enquire as to attendees’ views about the potential for a reduced scope of containers in a scheme (glass out) and what the potential implications would be for the scheme and the beverage market.
- Seek attendees’ views on how to achieve sustainable and circular packaging solutions onshore in Aotearoa New Zealand, particularly for PET and HDPE beverage containers.
- Ask attendees what the key opportunities or issues facing their industry are, and how these align with the government’s current work programmes?

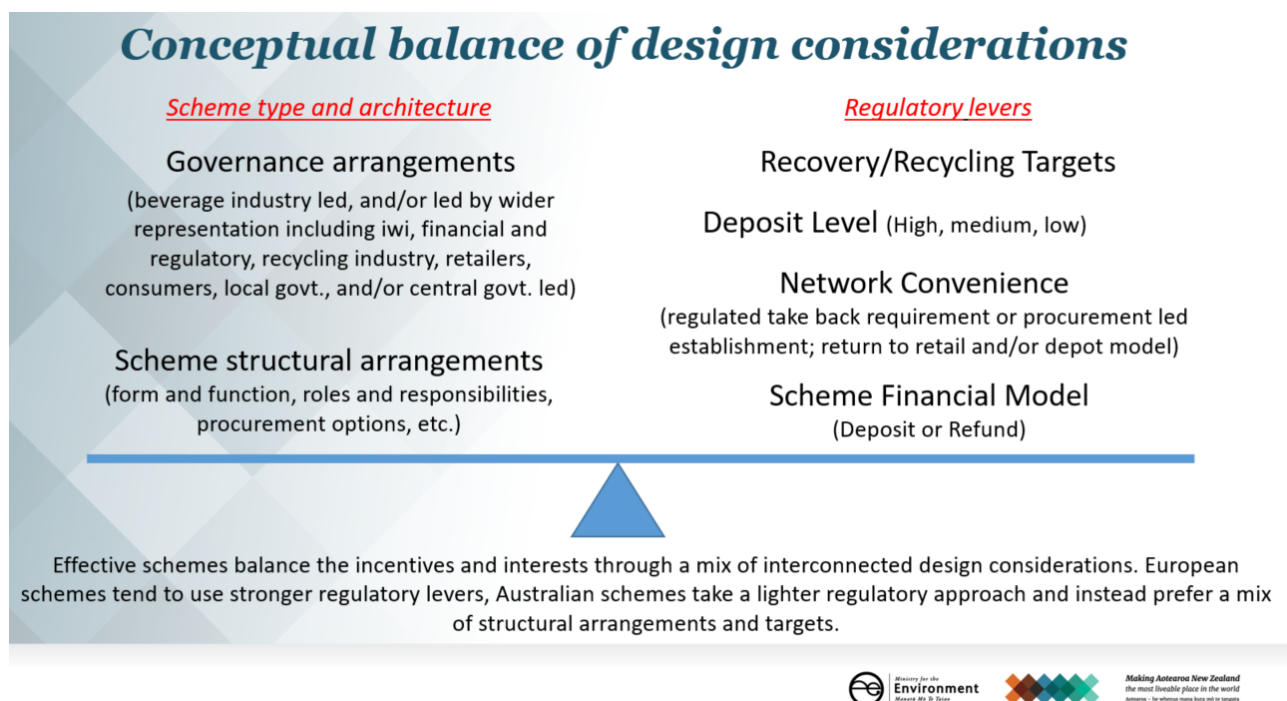
More specific discussion topics could include:

- Enquire as to what key aspects of the CCA/Lion alternative proposal would give Ministers confidence that the scheme will deliver on ambitious targets e.g. high recovery rates, easy for consumers to use (high convenience) and low emissions.
- Enquire about the Queensland and Western Australia schemes – their structural arrangements and networks, how well they perform relative to other schemes abroad.
- Noting the Western Australia scheme built on learnings from the Queensland scheme, what were the key improvements in scheme design made in Western Australia and how have they been implemented?
- Enquire as to whether the NZBC is open to an industry-led PRO governance model with stronger regulatory drivers than what has been outlined in the CCA/Lion proposal.

s 9(2)(g)(i)

Appendix 2: Supporting Information - CCA and Lion's alternative proposal

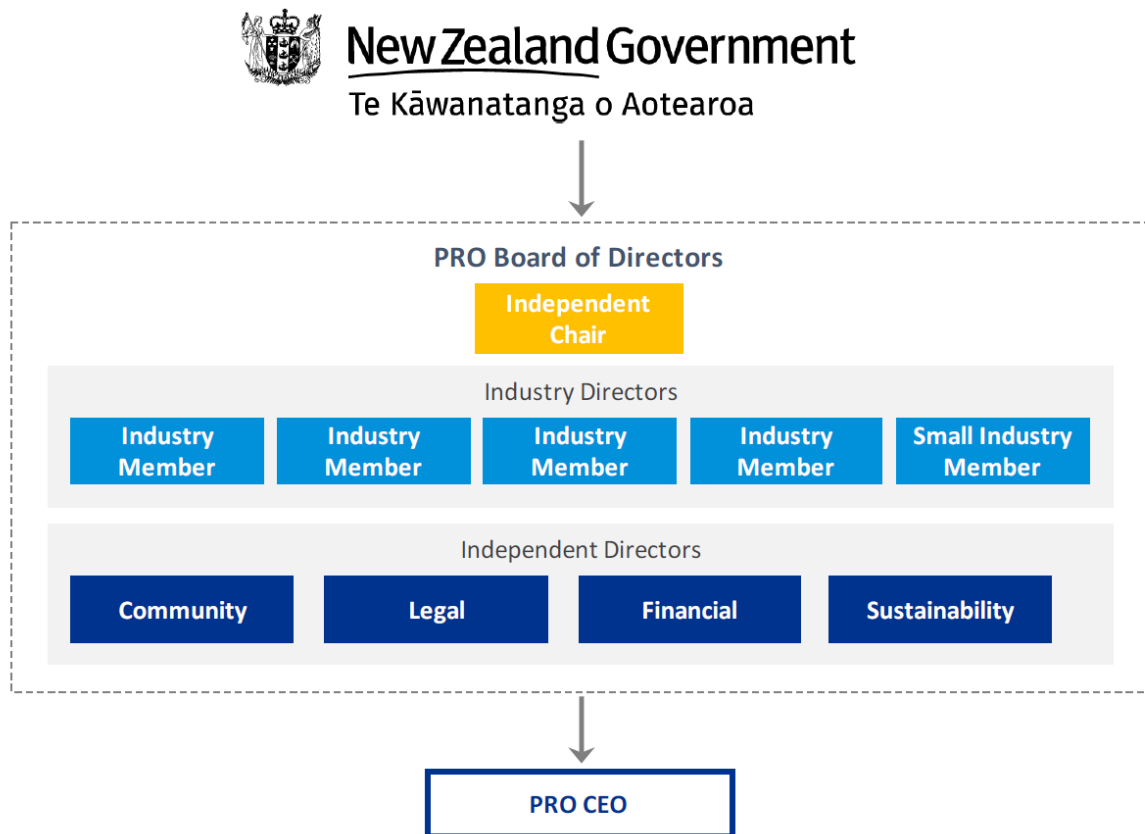
1. The “*conceptual balance of key design considerations*” (2021-B-07615 refers; pictured below) is means of considering how different proposals assemble the key design considerations in order to strike a balance that manages the inherent incentives and interests within in a container return scheme.



2. The CCA/Lion proposal is summarised using these key design considerations below. Please note this summary is not exhaustive. The full proposal is attached at Appendix 3.

Alternative proposed governance model

3. The NZBC, CCA and Lion all support a Producer Responsibility Organisation (PRO) model. The beverage industry considers a PRO model preferable as it enables producers to be involved in directly addressing the environmental impacts of their operations (note the Glass Packaging Forum and alcohol industry stakeholders also prefer this model).
4. The PRO model generally sees a board governance structure that is industry-led. In this case the proposal is for a not-for-profit organisation with an independent Chair and four independent directors representing community interests (potentially including iwi), legal, financial and sustainability; and five beverage industry directors. The government is proposed to appoint the PRO Independent Chair and Community Director roles. The alternative proposed governance structure is depicted below and can be found in Appendix 3, page 9.



5. The CRS co-design process recommended a broader range of representation comprising nine government-appointed members, including an Independent Board Chair, representing the interests of Iwi, recyclers, financial, regulatory, customer, retail, community, waste sector, local government, beverage industry, and experienced strategists. The board to be appointed following a similar process to the Waste Advisory Board and is to be supported by a board appointed Technical Advisory Group. The co-design governance recommendation (in part) recognised that a scheme has many key stakeholders in a beverage container product lifecycle and that balance of incentives and interests needed to be managed toward a successful outcome under a 'low setting' for other key drivers eg, a low initial deposit level, and a network established via procurement as opposed to regulated take back, refund financial model, etc. This advice and position was also supported and informed by a third party independent survey of Australian scheme stakeholders.
6. The Project Team reporting is very clear that should a more industry led approach be taken, the regulatory drivers and structural arrangements in a scheme would need to be stronger, such as a split structure model option that separates the managing agency (or PRO) and scheme network operator function eg, the New South Wales model.
7. The CRS Technical Advisory Group Chaired by Dave Brash, tabled differing views on the proposed co-design governance arrangements and a number of alternative options were offered for further consideration. There was a recognition amongst the TAG that the Governance aspect is linked to other CRS design elements and it is therefore difficult to consider in isolation.

Proposed scheme structural arrangements

8. The proposed PRO is to be established as a single registered charity (subject to legal advice) that is accountable for all scheme operations and achievement of all targets set by Government. The proposal notes that as a registered charity, the PRO would not be able to make distributions of any benefits to its members and would obtain access to a range of tax exemptions.
9. s 9(2)(b)(ii)
 This option would need to be socialised and confirmed with other potential beverage industry representatives if the PRO model is pursued.

Proposed means of establishing the network and convenience

10. The PRO would contract for the network “return facility operators” directly in an open market situation. The procurement would not specify a specific return facility type, leaving this open to the potential operators to determine ie, any mix of depots, drop off points, reverse vending machines and mobile return points would be possible.
11. As the PRO would be responsible for scheme performance (against targets), this model puts the PRO in a position to balance the costs of operating the network against the likely efficiency and effectiveness of the network.
12. s 9(2)(b)(ii)
 [Redacted]
13. The proposal clearly states that the CCA and Lion are not supportive of mandatory retailer participation in an NZ scheme, noting that return facilities are free to operate at retail locations under the proposed PRO model.
14. The Ministry notes that while there is some retail participation, it is not a central feature of the Queensland and WA scheme networks. The degree and nature of Government influence in a PRO-led procurement process is on the table for discussion in the proposal. It has been proposed Government involvement include ‘approval of key contracts’ and ‘active participation’ in the evaluation process. It is unclear to what extent this process option would mitigate the balance of interests within a scheme, assuming the PRO would seek to align the process with the principle of the PRO having ultimate accountability to targets.
15. This consideration is noteworthy and potentially worth discussion at the meeting as the PwC scheme financial modelling has clearly shown that the biggest driver of costs for a scheme is higher container return rates, which is driven by the level of convenience embedded in the network, and the quantum of the deposit incentive. The latter being proposed as a relatively low (by international standards) 10c in the proposal.

Proposed scheme recovery/recycling targets

s 9(2)(b)(ii)

[Redacted]

s 9(2)(b)(ii)

Proposed deposit level

18. The proposal is supportive of an NZ CRS with a 10c deposit refund in line with the CRS co-design. The CRS co-design also proposed an escalating deposit level should targets not be met.
19. The proposal also notes the 10c deposit this should be inclusive of GST to avoid consumer confusion and simplify messaging. In effect, this would mean the deposit level is 9c, and the beverage industry (via the scheme manager or PRO) pays the 1c per container 'GST component' of the deposit back to the consumer when they redeem their containers.
20. The beverage producers are likely to pass this refunded GST cost on to the consumer as a 'scheme related cost'. The financial modelling assumes 100% pass through of costs on average across the product range. This would from a consumer's perspective, appear to make the scheme costs higher. The GST component is substantial e.g. the GST on top the deposit at 20c is 3 c of GST per container. This equates to GST revenue of approximately \$71 million on 2.36 billion containers sold (which offsets an initial loss of alcohol sales tax upon scheme commencement).
21. Please note: advice from IRD is that GST must be applied to the refundable deposit.

Proposed financial model

22. s 9(2)(b)(ii)

23. The alternative option is the deposit financial model where container deposits are paid into the scheme by the producers on all beverage containers sold, irrespective of whether they are captured for recycling by the scheme. The unclaimed deposits are then used to offset scheme costs by the managing agency (or PRO).
24. We understand that the beverage industry prefer the redemption model as it reduces up-front costs for producers when redemption rates are lower. This option consideration becomes less important (less different) when container return rates are very high and is therefore linked to the overall balance of the design and recovery rate expectations for a scheme.
25. It is an important consideration from an overall scheme policy and communications perspective as the product stewardship polluter pays principle is more strongly embedded in the deposit financial mechanism.

Ministry comment

26. The proposal from CCA and Lion provides an industry-led platform to build on should Government wish to proceed with an industry-led CRS for New Zealand. New Zealand's two largest beverage producers are at the table with a discussion document on their preferred design.
27. Pending the government's determination and level of ambition for a scheme, in an industry-led PRO scenario, this may require stronger regulatory drivers and/or structural arrangements in order to achieve the desired outcomes for a scheme.

Appendix 3: Coca-Cola Amatil and Lion's discussion paper (in full)

s 9(2)(b)(ii)



Meeting Note – Container Return Scheme stakeholder meeting with the Technical Advisory Group Chair Dave Brash, 6 May 2021

| | | | |
|-----------------|---------------|--------------------------|------------|
| Date Submitted: | 03 May 2021 | Tracking #: 2021-B-07954 | |
| Security Level | In Confidence | MfE Priority: | Non-Urgent |

| | Action sought: | Response by: |
|--|---|--------------|
| To: Hon David Parker, Minister for the Environment | Please read before meeting with Dave Brash on 6 May | 7 May 2021 |

| | |
|---|--|
| Actions for Minister's Office Staff | Return the signed briefing to Ministry for the Environment (the Ministry). |
| Number of appendices and attachments: 3 | 1: Talking points 2: Terms of Reference for the CRS TAG 3: Summary of Final TAG advice 4: CRS TAG Final Advice on Scheme Design (in full) |

Ministry for the Environment contacts

| Position | Name | Cell phone | 1 st contact |
|--|-----------------|--------------|-------------------------|
| Principal Author | Jojo Woodham | | |
| Responsible Manager / Acting Director | Annabelle Ellis | 022 009 7624 | ✓ |



Meeting Note – Container Return Scheme stakeholder meeting with the Technical Advisory Group Chair Dave Brash, 6 May 2021

Overview

1. You are meeting with Dave Brash, Chair of the Container Return Scheme (CRS) co-design Technical Advisory Group (TAG) on 6 May April, from 3pm to 3.30pm.
2. This briefing provides background information and key talking points (attached at Appendix 1) for your meeting.
3. Subsequent to your phone call with Dave Brash in January 2021, this meeting is a chance for you to further discuss Dave Brash's views as CRS TAG Chair on the scheme design recommendations, and those of the TAG more broadly.

Stakeholder background and CRS context

4. Dave Brash is the Managing Director of DB Consulting. He has wide-ranging experience with stakeholder management, public policy, and government, including:
 - National Recovery Manager at Department of Prime Minister and Cabinet, following the Kaikoura earthquake
 - Various roles at the Ministry for the Environment, including resource management, waste and climate portfolios
 - Planning and Investment Manager at the New Zealand Transport Agency
 - Manager of the Emissions Trading Group at New Zealand Treasury
5. The Ministry contracted Dave Brash to chair the CRS TAG for the entirety of the CRS co-design process. His role as Chair was to synthesise the views of the TAG in its advice to Ministry officials on the CRS co-design process.

Purpose and role of the TAG

6. The TAG was commissioned to support Ministry officials and the Scheme Design Working Group (SDWG) with independent, expert industry and technical advice on the CRS co-design project to ensure the project deliverables and scheme design recommendations were sound, grounded in evidence, and implementable.
7. The Terms of Reference for the TAG is attached at Appendix 2.
8. TAG members' expertise varied across a range of fields including local government, product stewardship groups, commercial and/or accountancy services, and independent CRS experts.
9. Members and the Chair were appointed by the Ministry. Members included:
 - Dave Brash (Chair)
 - Robert Kelman
 - Hannah Blumhardt
 - Ross Trotter
 - Ross Chesney
 - Jeff Maguire

10. Officials note your two upcoming meetings with TAG members Robert Kelman and Hannah Blumhardt, scheduled to take place on 13 May and 17 May, respectively. In addition to the summarised TAG feedback below, you will be provided with supplementary information to support your attendance to both meetings.

The TAG's advice on a NZ CRS

11. The TAG is ultimately supportive of a container return scheme for New Zealand.
12. The TAG generally considers that the Project Team's proposed design would create positive and desirable outcomes for New Zealand. These include, but are not limited to, increased recycling of beverage containers, increased refillable beverage containers, reduced emissions associated with recycling and reduced litter.
13. The TAG's final advice on core scheme design elements is summarised at Appendix 3. Its finalised advice on the CRS design and process is attached in full at Appendix 4.

Signatures

Electronically signed by Annabelle Ellis on 30/04/2021

Annabelle Ellis

Acting Director – Waste and Resource Efficiency

Ministry for the Environment

Date 30/04/2021

Hon David Parker

Minister for the Environment

Date

Appendix 1: Talking Points

You may wish to:

- Thank Dave Brash for his involvement in the CRS co-design process.
- Ask Dave to provide his thoughts and views on the CRS work and process to date.
- Obtain Dave's views on each of the key design elements.
- Discuss any views Dave may have on proposed alternative options, including the GPFs regulated product stewardship proposal.
- Inform Dave that, following your conversation in January, you have met with a variety of industry stakeholders to discuss their respective views on the CRS. Enquire as to what his views are on these stakeholder perspectives, noting his involvement in the co-design process as TAG Chair.
- Reiterate that Ministers' decisions whether to proceed with an NZ CRS are expected to be made in 2021.

Appendix 2: Terms of Reference for the Container Return Scheme Technical Advisory Group

[attached as a separate document]

Appendix 3: Summary of final TAG advice

This advice was developed by the TAG using its consolidated feedback on the Design, in step with, and independent of, the Scheme Design Working Group's (SDWG) process. The advice is based on 12 months of iterative report reviews and includes the TAG's overall position on key areas of the design and next steps toward implementation.

Scope of containers

1. The TAG is supportive of a broad scope of beverage containers (glass, aluminium, plastic and liquid paperboard) to be included in a New Zealand CRS. The TAG consider that a broad scope of containers is critical to the success and cost efficiency of the scheme, and any exemptions can create confusion for consumers and create inequalities in the beverage industry.

Deposit rate and return rate

2. On balance, the majority of the TAG (5 of 6) agree that the deposit level should be set at 20 cents per beverage container from the outset as this is more likely to deliver the desired 85 per cent return rate.
3. The TAG supports the aspirational 95 per cent container return target, however questions its achievability in the absence of other key scheme design drivers (eg, higher deposit rate, network convenience, further incentives for returning containers).

Governance

4. If a scheme is to proceed, the TAG recommends that Government needs to make a first-principle decision about the overall structure and network design. In the scenario where governance arrangements change from what is proposed to an industry-led model, the TAG consider that the Government should reconsider either the balance of controls and incentives within the design as appropriate to the goal of achieving an 85 per cent target, or whether Government-led procurement of the network is a necessary step. In all instances, the TAG consider that Government should play a leading role in shaping the network design.

Financial model – deposit or refund

5. The TAG agrees that the financial model is not the most important design consideration relative to the network convenience, the deposit level, and scheme governance; if the scheme achieves a high recovery rate, the two financial models merge. Further consideration should be given to the refund/deposit model option should other elements of the proposed design change.

Network convenience

6. The TAG agrees that retail participation in the return network is important for scheme convenience but disagree on voluntary or mandatory retail participation. Given the importance of establishing a convenient network at the outset and the potential for a voluntary network to fall short of an 85 per cent target (even at a 20 cent deposit scenario), Government should consider further work on return locations and carbon implications of different network scenarios. The TAG note this could include modelling

voluntary and partially mandatory (in cities) approaches and/or a high level EOI process to test the market.

Refillables

7. Irrespective of whether refillables are included in a CRS, TAG members note that refillables offer an important opportunity for further emission reductions and moving up the waste hierarchy. The TAG notes that significant research is required on refillables (as soon as possible) to explore the regulatory levers, incentives, research and system infrastructure required for refillables and how this could be supported, integrated or otherwise incentivised through a CRS.

Additional feedback

8. The TAG notes with varying degrees of concern that areas of the Design could be improved to ensure a higher level of confidence in scheme performance and beneficial outcomes. Key areas for further consideration include: the deposit level; the scheme financial model; the form and establishment of the network (return point convenience and accessibility); and scheme governance arrangements.
9. The TAG notes that further work is required in several critical areas should a Minister/Cabinet decision to move into the next phase be made.
10. Having received and reviewed the SDWG outputs, the TAG notes that the substance of its advice remains unchanged. Notwithstanding the minority group opposing the Project Team's design, the TAG retains its overall support for a CRS for New Zealand.
11. The TAG notes that the CRS co-design process was a novel approach and while it did generate useful outcomes, the TAG recommends consideration of lessons learned from those involved to assist with future co-design projects. This could include consideration of greater use of independent facilitation.

Appendix 4: Container Return Scheme (CRS) Technical Advisory Group (TAG) Final Advice on Scheme Design (in full)

[attached as a separate document]



Meeting Note – Container Return Scheme stakeholder meeting with the Project Team, 10 May 2021

| | | | |
|-----------------|---------------|--------------------------|------------|
| Date Submitted: | 6 May 2021 | Tracking #: 2021-B-07976 | |
| Security Level | In Confidence | MfE Priority: | Non-Urgent |

| | Action sought: | Response by: |
|--|--|--------------|
| To: Hon David Parker, Minister for the Environment | Please read before meeting with the Container Return Scheme Project Team on 10 May | 11 May 2021 |

| | |
|---|--|
| Actions for Minister's Office Staff | Return the signed briefing to Ministry for the Environment (the Ministry). |
| Number of appendices and attachments: 3 | 1: Talking points 2: Scheme Design Working Group membership and final design evaluation scores 3: Summary of Project Team's key design recommendations |

Ministry for the Environment contacts

| Position | Name | Cell phone | 1 st contact |
|---------------------|-----------------|--------------|-------------------------|
| Principal Author | Jojo Woodham | | |
| Responsible Manager | Annabelle Ellis | 022 009 7624 | |
| Director | Shaun Lewis | 022 034 0311 | ✓ |



Ministry for the
Environment
Manatū Mō Te Taiao



[IN-CONFIDENCE]

***Making Aotearoa New Zealand
the most liveable place in the world***
Aotearoa – he whenua mana kura mō te tangata

Meeting Note – Container Return Scheme stakeholder meeting with the Project Team, 10 May 2021

Overview

1. You are meeting with George Fietje, Alec McNeil and Dr Lisa Hack, members of the Container Return Scheme (CRS) co-design Project Team, on 10 May from 10am to 10.30am.
2. This briefing provides background information and key talking points (attached at Appendix 1) for your meeting.
3. In particular, Project Team members wish to discuss:
 - the CRS co-design process
 - stakeholder representation
 - the Project Team's key design recommendations for a CRS
 - future work required.

Project Team background and CRS context

4. In 2019, Auckland and Marlborough District Councils jointly submitted an application to the Ministry's Waste Minimisation Fund to lead a co-design process to design a bespoke CRS for Aotearoa New Zealand.
5. In September 2019 former Associate Minister for the Environment Hon Eugenie Sage announced the commencement of the CRS co-design project. The key outcomes of the co-design process were to:
 - change the way New Zealand values beverage containers that will see increased recycling and new opportunities for refilling
 - reduce the volume of plastics and other container litter currently ending up in our streams, marine environment, public spaces and landfills
 - give effect to circular economy outcomes and any future priority product guidelines.
6. The Project Team undertook extensive financial modelling, cost benefit analyses, and four tranches of comprehensive international research. It presented each research tranche to members of the Scheme Design Working Group (SDWG) for feedback, in order to develop a holistic suite of design recommendations for a NZ CRS. [Please refer to 2020-B-07314 for further detail about the co-design process].
7. Members of the Project Team attending your meeting include:
 - George Fietje – Senior Project Manager (Resource Recovery), Auckland Council
 - Alec McNeil – Solid Waste Manager, Marlborough District Council
 - Dr Lisa Hack – Senior Consultant, SLR Consulting
8. Supporting members of the Project Team include: Rebecca Waldron, Elizabeth Driver, Denise Overend-Clarke, Rachel Gatland, Zoe Hareb, Celine El Khouri and Dr Katja Rangisivek.

Stakeholder representation

9. The SDWG consisted of broad stakeholder representation to ensure inclusion of diverse perspectives. This enabled the CRS research and recommendations to be thoroughly tested for alignment with the key project outcomes, principles, and opportunities.
10. All SDWG members individually scored and provided feedback on the alignment of the Project Team's Design with the key project outcomes, guiding principles and opportunities. The SDWG did not achieve consensus on whether these eleven objectives were sufficiently met.
11. A table outlining SDWG membership and members' respective scores of the Project Team's design is attached at Appendix 2.

Project Team's final recommendations on CRS key scheme design elements

12. Following the SDWG's final feedback, the Project Team tabled its final report and recommendations for a NZ CRS to the Ministry in November 2020.
13. Ministry officials understand that the Project Team intends to table a summary document of its final recommendations with you at your upcoming meeting. Officials note that this document is a product of the Project Team's co-design process and as such does not reflect the views of the Ministry nor those of the Technical Advisory Group.
14. A two-page summary of the Project Team's key design recommendations is attached at Appendix 3.

Signatures



Shaun Lewis
Director
Waste and Resource Efficiency

Hon David Parker
Minister for the Environment

Date

Appendix 1: Talking Points

You may wish to:

- Thank members of the Project Team for their leadership and commitment throughout the CRS co-design project, particularly noting the diverse stakeholder views involved in such a process.
- Ask members to provide their views on the CRS co-design process.
- Discuss the rationale for the overall design proposed and each of the key design recommendations.
- Discuss any views Project Team members may have on proposed alternative options, including the Glass Packaging Forum's regulated product stewardship proposal.
- Reiterate that Ministers' decisions on whether to proceed with an NZ CRS are expected to be made in 2021.

Appendix 2: Scheme Design Working Group membership and final evaluation scores

SDWG Members were asked to score each aspect as being met (score of 2/2), partially met (score of 1/2), or not met (score of 0/2). While consensus was not achieved, there is a clear majority group (highlighted in green) that broadly approves of the scheme design and a minority group (highlighted in yellow) that broadly see the design as not meeting or only partially meeting its intended outcomes. It is also noteworthy that subsequent to the process, some of the minority group have communicated they are not opposed to a CRS, and were concerned with some of the design recommendations.

| Sector | Represented by | Score (out of 22) |
|---------------|----------------|-------------------|
| s 9(2)(ba)(i) | | 22 |
| | | 22 |
| | | 20 |
| | | 19 |
| | | 19 |
| | | 19 |
| | | 18 |
| | | 17 |
| | | 16 |
| | | 6 |
| | | 6 |
| | | 5 |
| | | 4 |
| | | 4 |
| | | 4 |
| TOTAL | | 200/330 |

Appendix 3: Summary of the Project Team's key design recommendations

The summary below is drawn from the Project Team's report and recommendations for a NZ CRS. While there are areas consensus among the various stakeholder groups, this summary does not necessarily reflect the positions of individual Scheme Design Working group representatives, the Technical Advisory Group nor the Ministry.

| | |
|--|--|
| <p>Scope of containers: all single-use beverage container materials are in scope (glass, aluminium, plastic, and liquid paper board). Refillables are ineligible.</p> | <p>Volume: includes containers up to 4L (no lower limit).</p> |
| <p>Deposit: a flat rate 10c deposit in place for the first 3 years. If the year 3 target is not met (70% return rate), this will increase to 20c in year 5 allowing for a 2-year transition.</p> <p>Note: there are interim annual targets of 60% in year 1 (12 months), 65% in year 2 (24 months), 70% in year 3 (36 months), 80% in year 4 (48 months), 85% in year 5 (60 months) for the first five years of scheme operation. Thereafter, a return rate target of 85% will apply with an aspirational target of 95%.</p> | <p>Container return facilities: A range of manual and automated container return facility types (eg, reverse vending machines (RVMs), manual collection depots, voluntary return-to-retail, community recycling networks and/or other means of collection such as via a charity, marae, school or sports club). The financial modelling assumed the network would be 85% RVMs.</p> |
| <p>Return rate target: an overall return rate of 85% within 5 years with an aspirational target of 95%.</p> | <p>Scheme financial model: a refund-based financial model (ie, like Australian schemes), as opposed to a deposit-based model.</p> |
| <p>Return points: an estimated 415 registered return points (a ratio of approximately 1 collection point to every 12,500 people), with additional informal return points.</p> | <p>Refunds to consumers: a range of options including cash, supermarket voucher (including a 2-year expiration date), donation, electronic funds transfer, other (eg, scheme credit system, loyalty card, gift card).</p> |
| <p>Scheme fees: the scheme fee is to include the handling fee, transport, processing and managing agency costs. It is important to note this fee and its component parts will have to be confirmed should the design progress to phase two (implementation phase) when a more granular operational budget is prepared. It is also important to note that lower performing schemes also have a lower cost to producers as the return rate is low, which determines the overall deposit fee and scheme fee paid by producers.</p> | <p>Advanced Materials Recycling Fee (AMRF): an AMRF is to be applied to all materials including those that are difficult to recycle and may incur additional costs to be successfully recycled, such as liquid paper board. Other more recyclable, higher value materials, such as aluminium, are likely to receive a net income. Where aluminium generates and income, this income would be required to be passed back to the producers using aluminium, thereby reducing their scheme costs and encouraging movement towards more recyclable packaging.</p> |

| | |
|---|--|
| <p>Managing Agency (MA): a single, independent, not-for-profit body to manage the operations and performance of the NZ CRS and to be held accountable along with the Governance Board for meeting the scheme's targets.</p> | <p>Through 16 regional coordinators, the MA will be responsible for the network procurement and incorporation of social and indigenous opportunities (eg, establishment of employment number targets for manual collection depots) through the relevant scheme-related contractual arrangements.</p> |
| <p>Governance Board: comprises nine government-appointed members, including an Independent Board Chair, representing the interests of Iwi, recyclers, financial, regulatory, customer, retail, community, waste sector, local government, beverage industry, and experienced strategists. The Board is to be appointed following a similar process to the Waste Advisory Board and is to be supported by a Board-appointed Technical Advisory Group.</p> | <p>Legislative framework: notwithstanding the existing mechanisms of the Waste Minimisation Act 2008, the project team considered the draft CRS design will require bespoke legislative instruments to enable the function and objectives of the NZ CRS to be fully met, including, but not limited to fraud mitigation measures and regulatory powers to ensure the delivery and enforcement of the CRS.</p> |
| <p>Product stewardship: in addition to being a mandatory scheme incentivising improved design and packaging material choice through the AMRF, the scheme's legislation is proposed to establish regulations and performance standards to encourage greater recovery and pull-through demand of products and packaging (eg, requirements on the use of minimum recycled content to encourage greater take-back of products and packaging).</p> | <p>Refillables: refillable beverage containers are not included as an eligible scheme container. The MA is however tasked with promoting and supporting the development of the refillables market. The uptake of reusable beverage containers is to be integrated in the strategic directives embedded within the scheme performance indicators.</p> |
| <p>Consequences: if the MA and Governance Board do not meet the key scheme targets, the consequences proposed in the draft design include, but are not limited to:</p> <ul style="list-style-type: none"> a. the Government replacing one or more of the scheme Governance Board members; and b. increasing the level of container deposit (eg an increase from 10 to 20 cents). | <p>Material Recovery Facility (MRF) operators and councils: can receive the deposit (but not a handling fee) if containers are placed in kerbside and revenue sharing agreements will need to be established. The project team also proposed further consideration of the option that instead of the deposit (under higher deposit scenarios) the MRF operator be paid a handling fee instead.</p> |



Meeting Note – Container Return Scheme stakeholder meeting with Sue Coutts (Zero Waste Network Aotearoa) and Hannah Blumhardt (NZ Product Stewardship Council), 17 May 2021

| | | | |
|-----------------|---------------|---------------|--------------|
| Date Submitted: | 10 May 2021 | Tracking #: | 2021-B-07758 |
| Security Level | In Confidence | MfE Priority: | Non-Urgent |

| | Action sought: | Response by: |
|--|---|--------------|
| To: Hon David Parker, Minister for the Environment | Please read before meeting with Sue Coutts and Hannah Blumhardt on 17 May | 18 May 2021 |

| | |
|---|---|
| Actions for Minister's Office Staff | Return the signed briefing to Ministry for the Environment (the Ministry). |
| Number of appendices and attachments: 3 | 1: Talking points 2: Supplementary information including a summary of Hannah Blumhardt's Discussion Document 3: Open letter in support of a comprehensive CRS |

Ministry for the Environment contacts

| Position | Name | Cell phone | 1 st contact |
|---------------------|-----------------|--------------|-------------------------|
| Principal Author | Polly Brownlee | | |
| Responsible Manager | Annabelle Ellis | 022 009 7624 | |
| Director | Shaun Lewis | 021 101 2446 | ✓ |

Meeting Note – Container Return Scheme stakeholder meeting with Sue Coutts (Zero Waste Network Aotearoa) and Hannah Blumhardt (NZ Product Stewardship Council), 17 May 2021

Overview

1. You are meeting with Sue Coutts of Zero Waste Network Aotearoa and Hannah Blumhardt of the New Zealand Product Stewardship Council on 17 May, from 10 to 10.30am. Hannah Blumhardt was also a member of the Technical Advisory Group (TAG).
2. This briefing provides background information and key talking points for your meeting with Sue Coutts and Hannah Blumhardt.
3. This meeting is one of a suite of meetings with stakeholders with particular interest in aspects of a Container Return Scheme (CRS) option for New Zealand. These meetings present an opportunity for you to:
 - formally meet some of the key stakeholders involved in the CRS co-design project
 - further understand varying stakeholder views on a CRS design for New Zealand
 - discuss any alternative design considerations or proposals, as applicable.
4. In particular, this meeting is a chance for you to discuss:
 - the principles of the waste hierarchy and the opportunities for refillables/reusables within the design of a CRS (Appendix 2)
 - the scope of containers included in the design of a CRS (ie, glass and refillables)

Stakeholder background and CRS context

5. Sue Coutts and Hannah Blumhardt are familiar with the Ministry's work programme for waste and CRS project. Hannah Blumhardt was on the TAG for the CRS project and is in the NZ Waste Strategy review advisory group. Sue Coutts is a member of the Waste Advisory Board (WAB). She is also Director of External Affairs at the Zero Waste Network (ZWN), which was a member in the CRS Scheme Design Working Group (SDWG) co-design process.¹
6. Sue Coutts worked at Wanaka Wastebusters for 20 years and currently works as Director of External Affairs of the Zero Waste Network (ZWN), based in Wellington. In her role at the ZWN, Sue Coutts' focus includes building the evidence base, practical tools and relationships to assist New Zealand to transition to a low waste, low carbon, circular economy².
7. Hannah Blumhardt is the co-founder of The Rubbish Trip, coordinator of the New Zealand Product Stewardship Council, and co-founder and Policy Spokesperson for Takeaway Throwaways. Hannah has a large following and has written many articles

¹ Marty Hoffart represented the Zero Waste Network (representing recyclers – community/social enterprise) in the Scheme Design Working Group for the CRS Project.

² A circular economy is based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems.

on New Zealand waste policy, reusable and refillable packaging systems, including for beverages [Refer to Appendix 2 for detail].

8. The Rubbish Trip, NZ Product Stewardship Council, and the ZWN have signed the collective open letter to you, signed by approximately 65 New Zealand businesses/organisations and submitted to your office [Appendix 3]. The letter calls for a container return scheme that:
 - covers all beverages and material types (including glass), noting that excluding glass would financially advantage these industries at the expense of communities, the environment, government, and industry competitors
 - puts local communities at the heart of the scheme; and
 - helps to increase refillable/reusable bottles.

Ministry comment

9. We understand the letter (Appendix 3) from the ZWN is in response to the Glass Packaging Forum's communications and public positioning on their proposed alternative to a CRS for New Zealand.
10. We also understand that the ZWN is seeking to debate the merits of a scheme for NZ with the GPF on RNZ's nine-to-noon in the coming weeks.
11. All stakeholders involved in the NZ CRS co-design and TAG processes are still bound by confidentiality agreements within their contracts and terms of reference. The information stakeholders present publicly should not, without permission, reference any information from the co-design process. The Ministry advised Hannah Blumhardt of this when she sought clarification. We have reviewed the letter subsequent to its release and found that it only uses publicly available information.
12. It is important to note that the letter uses the Packaging Forum's numbers for the NZ Glass mass balance. The Project Team's glass mass balance is not yet in the public domain. Given the different conclusions that can be reached based on these two data sources for glass, Hannah may ask when the reports will be released as she has knowledge of both.

Signatures



Shaun Lewis

Director – Waste and Resource Efficiency

Ministry for the Environment

Date 10/05/2021

Hon David Parker

Minister for the Environment

Date

Appendix 1: Talking Points

Hannah Blumhardt and Sue Coutts are likely to have strong views on the option of a CRS for New Zealand. In discussions, you could:

- Acknowledge the role Hannah and Sue have played in their engagement in the Ministry's work programme to date, including Hannah's representation on the CRS Technical Advisory Group (TAG) and on the NZ Waste Strategy review, and the role that Sue has on the Waste Advisory Board (WAB).
- Acknowledge Hannah's discussion document on reusable beverage packaging and refillable beverage delivery systems [Summarised in Appendix 2].
- Reiterate that Ministers' decisions whether to proceed with an NZ CRS are expected to be made in 2021. Reiterate that you are still receiving advice from Ministry officials on the option of a CRS. If a decision to implement a scheme is made, we would not anticipate scheme implementation until 2023/2024 at the earliest.
- In relation to the Packaging Forum's numbers for the NZ glass mass balance, if Hannah asks when the Project Team's alternative glass mass balance numbers will be released, note that all documents are under active consideration and remain in confidence for the time being.

Scheme specific topics for discussion could include:

- Enquire as to which key design elements are perceived as most critical, and why?
- Enquire as to the potential role of the Zero Waste network in a CRS?
- Enquire as to whether and how the ZWN model could be compatible with a return to retail model?
- Enquire as to attendees' views about the potential for reduced scope of containers in a scheme (ie, glass out), and the implications of excluding glass from a scheme?
- Seek attendees' views on how to achieve sustainable and circular packaging solutions onshore in Aotearoa New Zealand, particularly for PET and HDPE beverage containers.
- Enquire about the role of refillables/reusable beverage containers within or alongside a New Zealand CRS, and how a scheme could be set up to cater for future integration of refillables (eg, infrastructure and container collection facility options)

Appendix 2: Supplementary information including a summary of Hannah Blumhardt's Reusables Discussion Document

1. From previous engagement via the CRS TAG, the Ministry understands that Hannah Blumhardt:
 - is not opposed to the introduction of a NZ CRS
 - is opposed to some of the key co-design project recommendations for a NZ CRS
 - supports the Coca Cola Amatil view that a scheme should have a broad scope of containers (i.e. including glass)
 - advocates for the inclusion of refillables within a NZ CRS
 - supports a 20-cent deposit at the outset
 - prefers deposit model over the refund model (product stewardship and 'polluter-pays' principles are clearer under a deposit model because beverage producers are required to pay into the scheme irrespective of redemption rate)
 - supports a community-driven model which boosts our existing nationwide network of resource recovery centres
 - has no strong view for voluntary or mandatory return to retail but suggested consideration of mandatory return to retail in major cities / densely populated areas.

2.

s 9(2)(b)(ii)

3. In May 2020 Hannah Blumhardt published a report titled 'Reusable Beverage Packaging and Refillable Beverage Delivery Systems in New Zealand: Discussion Document'.
4. In the report advocated for three complimentary reusable and refillable systems be incorporated into the Government's plans to reduce beverage packaging waste:

Reusable packaging that beverage manufacturers take-back from customers for sterilisation and refill.

- The report noted that reusable beverage packaging systems usually feature: a beverage container return scheme alongside policies to encourage refillables such as quotas for reusables, eco-taxes on one-way containers; mandatory return-to-retail; investment in reverse logistics, distribution and key infrastructure; standardisation of bottles.

Refill stations (in retail outlets or through automated vending machines) where beverages are available 'on tap' and customers bring their own containers

Soft drinks manufacturers to transition to retailing concentrates to which customers add their own water (reducing the need for bottles) – to reduce the costs, energy and resource usage, and packaging waste associated with soft drinks.

Appendix 3: Open letter in support of a comprehensive CRS



Meeting note – Container Return Scheme stakeholder meeting with Robert Kelman, 13 May 2021

| | | | |
|-----------------|---------------|--------------------------|------------|
| Date Submitted: | 10 May 2021 | Tracking #: 2021-B-07956 | |
| Security Level | In Confidence | MfE Priority: | Non-Urgent |

| | | |
|---|---|---------------------|
| | Action sought: | Response by: |
| To Hon David Parker, Minister for the Environment | Please read before meeting with Robert Kelman on 13 May | 14 May 2021 |

| | |
|---|--|
| Actions for Minister's Office Staff | Return the signed briefing to Ministry for the Environment (the Ministry). |
| Number of appendices and attachments 4 | 1: Talking points 2: Supplementary information on Robert Kelman's views of a New Zealand Container Return Scheme 3. Summary of Robert Kelman's alternative proposals for governance of a New Zealand Container Return Scheme 4. Reloop report: ' <i>Global Deposit Book 2020 An Overview of Deposit Systems for One-Way Beverage Containers</i> ' |

Ministry for the Environment contacts

| Position | Name | Cell phone | 1 st contact |
|---------------------|-----------------|--------------|-------------------------|
| Principal Author | Polly Brownlee | N/A | |
| Responsible Manager | Annabelle Ellis | 022 009 7624 | |
| Director | Shaun Lewis | 021 101 2446 | ✓ |

Meeting note – Container Return Scheme stakeholder meeting with Robert Kelman, 13 May 2021

1. You are meeting with Robert Kelman of Reloop Platform via Zoom on Thursday 13 May, from 3.30-4.00pm. Robert Kelman was a member of the Technical Advisory Group.
2. This briefing provides background information and key talking points (Appendix 1) for your meeting with Robert Kelman about the proposed Container Return Scheme (CRS). Refer to 2020-B-07314, 2021-B-07767 and 2021-B-07754 for additional information on the CRS Project.
3. This meeting is one of a suite of meetings with stakeholders with particular interest in aspects of a CRS option for New Zealand (NZ CRS). These meetings present an opportunity for you to:
 - formally meet some of the key stakeholders involved in the CRS co-design project
 - further understand varying stakeholder views on a CRS design for New Zealand
 - discuss any alternative design considerations or proposals, as applicable.
4. In particular, this meeting is a chance for you to discuss:
 - international container return schemes (eg, Australian and European schemes)
 - Robert Kelman's views on governance, scheme convenience and alternative governance model proposals (Appendix 3).

Stakeholder background and CRS context

5. The Ministry for the Environment contracted Robert Kelman throughout 2020 to be on the Technical Advisory Group (TAG) as an independent CRS expert. The TAG contributed to the co-design process for the CRS project and final recommendations.
6. Robert Kelman has global expertise on the design of CRS including having been involved in the design and development of every state-based CRS¹ across Australian states including New South Wales, Queensland, Western Australia, and now Tasmania and Victoria.
7. Robert Kelman lives in Tasmania and is the Director of Reloop Pacific. Reloop is an international, member-based organisation that works with governments, industry and society to accelerate the global transition to a circular economy for all resources.
8. Reloop recently released their annual summary report of container return schemes (CRS) 'Global Deposit Book 2020: An Overview of Deposit Systems for One-Way Beverage Containers' (Appendix 4). You may find this resource useful as it provides a brief two page summary of every scheme globally (now 50). The report notes an expected increase in the amount of people worldwide who can access a scheme from 290 million (in 2018) to an estimated 500 million once all currently announced schemes have been implemented (~2023).

Position on a container return scheme

9. Robert Kelman is familiar with various discussions around the CRS scheme design, governance, material specific challenges, as well as the NZ CRS co-design process itself.
10. From previous engagement via the CRS TAG, the Ministry understands that Robert Kelman [Refer to Appendix 2 for supplementary detail]:
 - is not opposed to the introduction of a NZ CRS

¹ Australia refers to Container Return Schemes as 'Container Deposit Schemes' (CDS).

- is opposed to some of the key co-design project recommendations for a NZ CRS such as a voluntary return to retail network, a 10-cent deposit (he advocates for 20-cents), and the proposed scheme governance
 - supports a deposit model (as opposed to the refund financial model)
 - supports a retail-based network or split governance model similar to what is established in New South Wales and is against the CRS model similar to those established in Queensland and Western Australia where the beverage industry has a much stronger role in determining the nature of the network. He tabled two alternative governance proposals, included in his TAG feedback on the CRS co-design proposal in 2020 (Appendix 2)
 - considered that in the absence of a retail obligation and with a low (ie, 10-cent) deposit rate, the co-design recommendations would deliver a low performing for New Zealand.
 - considers the most convenient and successful schemes for consumers are require a mandatory return to retail model.
 - supports the view that a scheme should have a broad scope of containers (ie, including glass and refillables).
11. Note you also have an upcoming meeting with Sue Coutts (Zero Waste Network) and Hannah Blumhardt (NZ Product Stewardship Council and also a CRS Technical Advisory Group group member) on 17 May. From previous engagement the Ministry understands these stakeholders have a shared interest for New Zealand to move up the waste hierarchy and an interest in including refillables within/alongside a scheme.

Signature



Shaun Lewis
Director – Waste and Resource Efficiency
Ministry for the Environment

Date 10/05/2021

Hon David Parker
Minister for the Environment

Date

Appendix 1: Talking points

Robert Kelman is likely to have strong views on the option of a CRS for New Zealand. In discussions, you could:

- Acknowledge the Robert Kelman as a member of the Technical Advisory Group for the CRS Project as independent CRS expert, and acknowledge his position as the Director of Reloop Pacific.
- Acknowledge the recent Reloop report 'Global Deposit Book 2020 An Overview of Deposit Systems for One-Way Beverage Containers'.
- Reiterate that you are still receiving and anticipating advice from Ministry officials on the option of a CRS. If a decision to implement a scheme is made, we would not anticipate scheme implementation until 2023/2024 at the earliest.
- Reiterate that Ministers' decisions whether to proceed with a NZ CRS are expected to be made in 2021.

Specific topics for discussion could include:

- Enquire about Robert's insights and learnings on CRS best practice globally, and in particular how the Australian schemes contrast with the European model.
- Enquire about the different schemes in Australia e.g. the differences between South Australia and Northern Territory, versus Queensland and Western Australia, versus New South Wales and the recently announced Victoria and Tasmania schemes.
- Ask which key design elements are perceived as most critical in Robert's view and why? (see Appendix 2).
- Enquire about Robert's view on governance models, in particular for the design of a NZ CRS? (see Appendix 3)
- Enquire about Robert's view on creating convenient and successful schemes for the consumer, and what this means for the design of a NZ CRS (ie, mandatory return-to-retail options)?

Refillables

- Enquire about the role of refillables in international markets, and the option for including refillables within CRS schemes (ie, how does it work overseas and how could it work for New Zealand?)
- Acknowledge the TAG's advice that a refillables feasibility study is needed to support refillables (irrespective of whether refillables are in or out of scope for a CRS).

Appendix 2: Supplementary information on Robert Kelman's views of a New Zealand Container Return Scheme

1. For the design of a New Zealand container return scheme (CRS), Robert Kelman considers:
 - in the absence of a retail obligation, with low access point ratios and with a low (ie, 10 cent) deposit rate, the **co-design recommendations would create a low performing and inconvenient scheme**. He considers the most convenient and successful schemes for the consumer are retail return based and considers a mandatory return to retail network necessary for New Zealand
 - the **broad scope of containers** (eg, glass, plastic, liquid paperboard, aluminium) is appropriate. Excluding glass from the scope would create inequities for other material users, ongoing unfair costs for council collections and litter clean-up costs, as well as confusion amongst consumers
 - **refillable** containers would need to be included in the NZ CRS as an eligible scheme container in order to penetrate the refillables market and for beverage producers to adopt refillable bottles
 - a **deposit model** offers more opportunity for a Managing Agency to fund refillable and other initiatives than the refund model, however he considers that the financial model is not as important as the governance regime or the deposit value. A 10 cent deposit is low by global standards and a product of lobbying by retail and beverage interests, and instead supports a 20 cent deposit level (as did the majority of the TAG)
 - **retail-based network and split governance model** similar to what is established in New South Wales and is against the industry-led CRS model similar to those established in Queensland and Western Australia. He tabled two alternative governance proposals, included in his TAG feedback on the CRS co-design proposal in 2020 (Appendix 3)
 - **charities** could participate in a NZ CRS through three ways: donation stations; deferred refunds from consumers to charities; and operating collection points. He notes that the operation of collection points is likely to be the most challenging and risky, requiring some levels of support from a Managing Agency.
2. The full TAG supports the New Zealand **refillables feasibility study** recommended by the co-design report. The TAG advised that the feasibility study include recommendations for further regulatory levers, incentives, and system infrastructure requirements needed to specifically support and promote the uptake of refillables across New Zealand. We have recommended that a refillables feasibility study is undertaken to understand how refillables could be integrated in (or operate alongside) a CRS (whether by the Ministry or a different agency) [refer Appendix 1 2021-B-007767].

Appendix 3: Summary of Robert Kelman's alternative proposals for governance of a New Zealand Container Return Scheme

Option 1: Government determines the nature of the collection network

- **Mandate retail collection points.** Stores over a prescribed size (eg, over 1000sqm in size, or \$5M in sales) will collect containers. This may see 350 retail sites around the country. Exemptions would be in place for retailers to share collection points (eg, in the case where supermarkets share locations)
- **Zero Waste Network sites** would provide an additional 150 sites catering for consumers and a large volume disposal from the hospitality sector
- **Gaps in small towns without a large retailer would be contracted by a Managing Agency.** Legislation could dictate, for example, that any town of 500 people or more would have a container return point.

Option 2: Government-appointed Managing Agency model

- **Government would appoint a Managing Agency Board** that oversees the scheme and provides input and direction. This is not necessarily a government-controlled entity but a representative body, representing Māori, community, beverage, retail, local government, reprocessors, etc
- **Government tenders for fee-for-service Managing Agency** organisation of a CEO and other staff to provide the auditing, accounting, data collection, invoicing and other services
- **Government tenders for the logistics and collection** network through multiple operators providing collection and logistics services
 - These entities have certain contracted obligations including providing sites in small towns and regions as well as larger metro areas, ensuring there are no gaps in the network
 - Obligations would include penalties for non-performance applied against these operators
 - The Government dictates the nature of the network (eg, including zero waste involvement, 16 regional coordinators, involvement of social enterprise, convenience at retail, etc)
 - All other scheme design elements included in the tender requirements.

Appendix 4: Reloop report: ‘Global Deposit Book 2020 An Overview of Deposit Systems for One-Way Beverage Containers’



Meeting note – Container Return Scheme stakeholder meeting with Markus Fraval and James Newton (TOMRA), 26 May 2021

| | | | |
|-----------------|---------------|---------------------|------------|
| Date Submitted: | 25 May 2021 | Tracking #: BRF-128 | |
| Security Level | In Confidence | MfE Priority: | Non-Urgent |

| | | |
|---|---|---------------------|
| | Action sought: | Response by: |
| To Hon David Parker, Minister for the Environment | Please read before meeting with TOMRA on 26 May | 26 May |

| | |
|---|--|
| Actions for Minister's Office Staff | Return the signed briefing to Ministry for the Environment (the Ministry). |
| Number of appendices and attachments: 2 | 1: Talking points 2: TOMRA's New Zealand Best Practice Container Return Scheme Submission |

Ministry for the Environment contacts

| Position | Name | Cell phone | 1 st contact |
|---------------------|----------------|--------------|-------------------------|
| Principal Author | Polly Brownlee | N/A | |
| Responsible Manager | Amanda Baldwin | 022 009 7624 | |
| Director | Shaun Lewis | 021 101 2446 | ✓ |

Meeting note – Container Return Scheme stakeholder meeting with Markus Fraval and James Newton (TOMRA), 26 May 2021

1. You are meeting with Markus Fraval and James Newton from TOMRA Collection Solutions (TOMRA) on Wednesday 26 May, from 3.30-4.30pm. TOMRA is a global company that supplies sensor-based equipment to the recycling and food industries, including many beverage container return scheme jurisdictions around the world.
2. This briefing provides background information and talking points (Appendix 1) for your meeting with TOMRA about the proposed Container Return Scheme (CRS) for beverage containers in New Zealand. Refer to 2020-B-07314, 2021-B-07767 and 2021-B-07754 for additional information on the CRS Project.
3. This meeting is one of a suite of meetings with stakeholders with particular interest in aspects of a CRS option for New Zealand. These meetings present an opportunity for you to:
 - formally meet some of the key stakeholders with an interest in a NZ CRS to understand different stakeholder views on a CRS design for New Zealand
 - discuss any alternative design considerations or proposals, as applicable.
4. In particular, this meeting is a chance for you to discuss:
 - TOMRA's global experience and learnings as one of several technology companies globally that supply CRS networks, reverse vending machines (RVMs), information technology and verification solutions (eg, Australian and European schemes)
 - TOMRA's views on a best practice, high-performing CRS for New Zealand (Appendix 2).

Stakeholder background and Container Return Scheme (CRS) context

5. Markus Fraval is the Director of Strategy and Business Development for TOMRA, Pacific. James Newton works for TOMRA as a Government Affairs Advisor. Both stakeholders are based in Australia.
6. The first fully automated RVM was created by TOMRA in 1972. RVMs accept empty beverage containers like bottles and cans (up to 100 per minute) for recycling, using technology to accurately verify and count containers. The machine gives back a deposit or refund amount to the end user. RVMs are especially common in regions with container deposit laws or mandatory recycling legislation.
7. TOMRA reports that they have over 84,000 installations of their sensor-based RVM in more than 60 refillable and one-way beverage deposit markets, capturing over 40 billion beverage containers for recycling every year. Over 6,000 TOMRA recycling systems have been installed in more than 100 countries worldwide. Additionally, TOMRA's food sorting systems reduce waste in the processing of a wide range of foods and employs 300 people in Auckland and Hamilton.

Position on a Container Return Scheme for New Zealand

8. TOMRA's proposal '*NZ Best Practice DRS Submission*', emailed to your office on 26 April outlines a summary of TOMRA's position on the key, interdependent components required to deliver the best performing CRS for New Zealand (Appendix 2). TOMRA also released a white paper report from January 2021 '*Rewarding Recycling: Learnings from the World's Highest Performing Deposit Return Schemes*', which draws together TOMRA's experience in European and North American jurisdictions and provides additional evidence and rationale for the recommendations in their submission.

9. From previous engagement, the Ministry understands that TOMRA:
- considers the most convenient and successful schemes for consumers require a **mandatory return to retail** model
 - supports the view that a scheme should have a **broad scope of containers** (ie, including glass)
 - supports a **deposit model** (as opposed to the refund financial model), noting that this is international best practice, including transparency, ensuring sufficient funding for targeted outcomes, and funding initial working capital and cashflow requirements
 - TOMRA, with support from Local Government New Zealand and Zero Waste Network, supports a **NZD 20 cent deposit level** on beverage containers along with some level of regulated take-back complemented with a depot network. TOMRA outlined the need for stronger regulated approach based on the EU models
 - views that a convenient network is only guaranteed by **either a mandated 'return to retail' obligation**, where retailers operate as return points, **or a 'split responsibility' governance** framework with an independent network operator, commercially incentivized to maximize returns (used in NSW, and proposed for the Victoria and Tasmania schemes) (Appendix 1 2021-B-07754).
10. TOMRA's submission (Appendix 2) is supported by Zero Waste Network and Local Government NZ.
11. Ministry officials will provide you with further advice on return to retail options for a NZ CRS.

Signature



Shaun Lewis
Director – Waste and Resource Efficiency
Ministry for the Environment

Date 25/05/2021

Hon David Parker
Minister for the Environment

Date

Appendix 1: Talking points

Markus Fraval and James Newton are likely to have strong views on the option of a Container Return Scheme (CRS) for New Zealand, particularly regarding scheme convenience and collection infrastructure. In discussions, you could:

- Thank Markus for the proposal '*NZ Best Practice DRS Submission*', emailed to your office on 26 April (Appendix 2). This paper outlines a summary of TOMRA's position on the key, interdependent components required to deliver the best performing CRS for New Zealand.
- Reiterate that you are still receiving advice from Ministry officials on the option of a CRS. If a decision to implement a scheme is made, we would not anticipate scheme implementation until 2023/2024 at the earliest.
- Reiterate that decisions on whether to proceed with a NZ CRS are expected to be made in 2021.

Specific topics for discussion could include:

- Enquire about TOMRA's insights and learnings on **CRS best practice globally**, and view on how New Zealand can learn from the experiences of other jurisdictions to aim for best practice and create a high-performing scheme.
- Enquire as to TOMRA's view on the specifics of **return to retail** for NZ (ie, all mandated retailers required to take all eligible containers no matter the material type or brand; minimum floor area set at a level that suits NZ's mix and distribution of grocery retailers – i.e one such example floated is a different threshold in metro areas (eg. 800m²) and another in regional areas (eg. 400m²).
- Enquire about TOMRA's experience of **how return to retail networks are established through regulation** and any insights they might share on the pros and cons of different Government approaches to regulation and procurement.
- Enquire about **how RVMs work**, their strengths and weaknesses, costs to operate, and how many different materials they can manage efficiently (given TOMRA's preferred wide scope of containers in a NZ CRS).
- Enquire about the opportunities to encourage greater use of **refillable** beverage containers. For example, how can CRS infrastructure for one-way containers be shared, adapted and extended for refillables, and how does it work overseas.
- Enquire about TOMRA's view on a **broad scope of containers** (ie, including glass) and markets for materials.
- Enquire about TOMRA's view on the **deposit level**.

Appendix 2: TOMRA's New Zealand Best Practice Container Return Scheme Submission

Meeting with Lion, Asahi and CCEP on 9 November 2022

| | | |
|-----------------|-----------------|----------------------|
| Date Submitted: | 8 November 2022 | Tracking #: BRF-2423 |
|-----------------|-----------------|----------------------|

| | |
|--|--|
| | Action sought: |
| To: Hon David PARKER, Minister for the Environment | Read before meeting on Wednesday 9 November 2022 |

| | |
|---|--|
| Actions for Minister's Office Staff | Provide to Minister Parker for his review prior to the meeting |
| Number of appendices and attachments #2 | Appendix 1: Attendee information Appendix 2: Talking points |

Key Contacts

| Position | Name | Cell phone | 1st contact |
|---|-------------------------------|--------------|-------------|
| Principal Author(s) | Jojo Woodham Roderick Boys | | |
| Responsible Manager | Annabelle Ellis | 022 009 7624 | |
| Director, Waste and Resource Efficiency | Shaun Lewis | 021 101 2446 | ✓ |

Key messages

1. You are meeting with representatives from some of the largest beverage producers operating in New Zealand's beverage industry – Lion, Asahi and Coca-cola Europacific Partners (CCEP) - to discuss the beverage container return scheme (NZ CRS). The meeting is being held at your office, 1pm Wednesday 9 November 2022.
2. The group are intending to discuss their jointly commissioned report on the proposed NZ CRS and their preferred scheme design settings.
3. Key attendees include (details in Appendix 1):
 - Ed Dowse, CDS Director – LionCo Australia
 - Craig Baldie, Country Director – LionCo New Zealand
 - Julian Sheezel, General Manager, Corporate Affairs – Asahi Beverages Oceania
 - Clarke Truscott, Sustainability and CRS Manager – Coca-cola Europacific Partners.

Purpose of the meeting

4. The key purpose of this meeting is to discuss Lion, Asahi and CCEP's jointly commissioned assessment of the NZ CRS, provided by Deloitte. Further analysis on the Deloitte report is provided below.
5. Ministry officials met with various representatives from the organisations at different stages throughout the year to discuss the findings of the report, in particular the handling fee modelling, the return network and the deposit level. Meetings held are listed below:
 - CCEP on 27 April 2022
 - Lion and CCEP on 11 July 2022
 - Asahi, Lion and CCEP on 8 August 2022
 - Asahi, Lion and CCEP on 28 October 2022.
6. The Ministry is aware that Lion, Asahi and CCEP broadly support the implementation of a NZ CRS, however do not support the 20 cent deposit amount and the proposed retail take back obligations. They are seeking alignment with the Australian model, (noting 10 cents AUD is 11 cents NZD) which does not require retail take back and on average achieves a 65 percent recovery rate.
7. These companies are involved in schemes overseas. The Ministry understands these companies, or a special purpose organisation they develop, would likely seek to lead and govern the NZ CRS. If retail take back obligations are included, retailers may also be expected to seek a role in scheme governance.

Deloitte report on the NZ CRS and PwC and Ministry response

8. The Deloitte report was submitted (as commercial-in-confidence) to the Ministry on behalf of Lion, Coke and Asahi together with their consultation feedback on the

Transforming Recycling proposals in May 2022. The report identifies a number of potential issues with the Ministry's modelling for the NZ CRS.

9. **[IN CONFIDENCE]**: The Ministry commissioned PricewaterhouseCoopers (PwC) to review the Deloitte report in September 2022. Some of the Deloitte report's findings have led to updates in PwC's financial modelling. Several of the report's claims were found to be less credible and/or difficult to reconcile with publicly available international evidence. In any case, PwC has updated cost assumptions or undertaken sensitivity testing based on the Deloitte report. The below table highlights the key matters raised and how they have been treated by PwC.


| Modelling aspect | Deloitte | PwC |
|---|--|---|
| Handling fee assumes 6.3 cents (2020 real cost) | Assumption costs incorrect (7.5 cents – 11.2 cents) – based on selected schemes | Publicly available information differs, assumption costs updated and Deloitte worst case scenario (11.2 cents) sensitivity tested |
| Inflation | Assumption has changed | Assumption updated |
| Return rate target | Modelled 84%, target 90% | Base case now 90% (after year 5 of scheme implementation) |
| Price elasticity and reduction in demand (assumed 6.5% and noting recent NZ beverage container sales growth at 7% and 9%, 2019 -2021). | NZIER based on Queensland Productivity Commission report (10c deposit), 20 cents would be higher | Evidence is poor (price elasticity) and there is evidence above and below 6.5%. Sensitivity test applied ranging from 0% - 14.65% demand reduction. |
| Deposit GST treatment | Advocacy for Australian approach (GST included) | [IN CONFIDENCE] IRD has updated its advice, deposit is now treated as GST inclusive by PwC |

10. **[IN-CONFIDENCE]**: The net impact of the updates made by PwC has reduced the estimated scheme financial cost (turnover) in the consultation base case by \$44 million in year one, from \$553 million to \$509 million (20 cent deposit scenario).
11. In short, the change in GST treatment more than offsets the updated cost assumptions – the beverage industry is not aware of the change in GST treatment.

12. This change flows through to a reduced financial impact for households. The average household net cost for participating in the scheme is now estimated at \$1.08 per week or \$56 in year one (2025/26). As has happened elsewhere (Queensland), households may choose to offset additional costs associated with the scheme by changing their consumption behaviour, for example, by buying fewer large multipacks per year.
13. Specifically, the Queensland Productivity Commission found that consumers experienced a net cost increase of just 93 cents per household, per month (\$11.16 AUD per year) and households reduced their consumption of non-alcohol beverages by about 1 litre per month (or 6.5 per cent) – at an Australian 10 cent deposit level.
14. Sensitivity testing of the reduction in demand assumption reveals that were New Zealand consumers to reduce their consumption of beverage containers in response to a stronger price signal, it reduces the total scheme costs further as there are fewer containers in the market that the scheme needs to manage e.g. at a maximum hypothetical 14.65% reduction in demand (based on Deloitte range), total scheme costs reduce to \$465 million in year one (from \$509 million, which assumes 6.5% reduction in demand).
15. The beverage industry is understandably concerned about cost impacts. Container sales (count) are not directly related to volume (litres) sold. For soda drinks in particular, beverage industry commentary has suggested container sizes have been trending downwards and multipack sales increasing. Thus, it is the multiplier effect of the refundable deposit amount on multipack sales that likely drives the core cost concern for ‘big beverage’ advocacy on the deposit level. This has led to big beverage and retail association statements that severely exaggerate the pass-through cost implications on multipack sales price.
16. Multipack products can vary a lot in value, meaning the price impact also varies. Six packs are common and assuming 100% pass through, will attract an additional \$1.46 (GST included) with a 20 cent deposit level, or 90 cents (GST included) for a 10 cent deposit level.
17. The relative price impact affects cheaper products more. For example, under the 20 cent scenario and assuming 100 percent pass through:
 - a six pack of beer that costs \$20, would increase in price to \$21.46 (a 7.3 percent increase) with an available refund of \$1.20 when recycled, leaving a net cost of 26 cents (a 1.3 percent increase) for the consumer.
 - a six pack of fizzy drinks that costs \$10, would increase the price to \$11.46 (a 14.6 percent increase) with an available refund of \$1.20 when recycled, leaving a net cost of 26 cents (a 2.6 percent increase) for the consumer.
18. Case price (12 or 24 beers) is often used by advocates. Recent communications to Ministers from industry association representatives opposing a 20 cent deposit have suggested a 12 pack of beer would increase by \$4-\$5 dollars. At 100 per cent pass through of costs (which may not materialise) PwC has modelled that a 12 pack would

increase by \$2.92 (including GST, \$2.40 is refundable) and a 24 pack would increase by \$5.84 (including GST, \$4.80 is refundable).

19. If the consumer is able to recycle and obtain a deposit refund at a retailer (retail take back), the consumer may obtain their refunds the next time they go to buy their preferred beverage products, meaning the refundable deposit can be 'recycled' into the next purchase and the net cost is closer to the reality for most consumers, assuming a retail take back model. This model does not work in Australia, as return points are not typically conveniently located at retail stores.

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| Shaun Lewis Director Resource Efficiency and Water and Land Use Policy |  |
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Appendix 1: Attendees' information



Ed Dowse
CDS Director
LionCo Australia

Ed has worked for Lion for over 8 years and has 20 years' experience in goods manufacturing and transportation industries. Ed currently leads Lion's involvement in container deposit schemes in Australia and is a Director of COEX (Queensland scheme).



Craig Baldie
Country Director, New Zealand
LionCo New Zealand

Craig has worked for lion since 1994 and has been Country Director for Lion New Zealand since February 2021. Prior to this appointment, he was the Marketing Director for Lion Australia and New Zealand. Craig has experience working across the beer, wine, spirits and RTD categories in Australia, New Zealand and global



Julian Sheezel
Group General Manager, Corporate Affairs
Asahi Beverages Oceania

Julian is currently the General Manager for Corporate Affairs at Asahi. Julian has over 25 years' experience in corporate affairs, corporate taxation, politics, government and business in Australia and Asia.



Clarke Truscott
Sustainability + CRS Manager
Coca-cola Europacific Partners (CCEP)

Clarke is currently the head of Innovation, Sustainability, Strategic Projects & Container Returns Schemes Manager at Coca-Cola EuroPacific Partners.

Appendix 2: Talking points

Transforming recycling consultation talking points

In discussions you could:

1. Thank the group for their submissions on the Transforming Recycling consultation.
2. State your intention to feedback to Cabinet on the outcomes of the Transforming Recycling consultation later this year.

Key scheme design elements of a NZ CRS

The Ministry understands that these companies are likely positioning themselves as potential managers of the NZ CRS. If Cabinet agrees to implement a NZ CRS, a thorough process would be conducted in order to appoint a NZ CRS scheme managing agency (or product stewardship organisation), and details of this are yet to be established.

Lion, Asahi and CCEP are likely to have strong views on the option of a NZ CRS and cost is likely to be a key message.

In discussions, you could:

3. Acknowledge the organisations for their involvement in schemes elsewhere.
4. Recognise the beverage industry's interest in keeping costs down.
5. Ask which design elements of the are perceived as most critical to the group, and why.

Deloitte report on a NZ CRS

Please refer to the meeting note contents for further detail regarding the Deloitte report. In discussions, you could:

6. Acknowledge the receipt of the Deloitte report on the proposed NZ CRS.
7. Ask what schemes specifically they have been drawing on for the cost assumptions, and whether they can provide Ministry officials with verifiable data to support these claims.
8. Note that you have heard their concerns around the deposit level being GST exclusive, and that you are considering this. You may further wish to note that if the deposit were to be made GST inclusive it would reduce scheme costs in *any* scenario.
9. Encourage Lion, Asahi and CCEP to continue to engage with Ministry officials and provide any available information to support analysis.



Container return scheme stakeholder meeting with Rob Kelman (Reloop Platform), Wednesday 8 March

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|-----------------|----------------------|----------------------|
| Date Submitted: | Tuesday 7 March 2023 | Tracking #: BRF-2883 |
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| | Action sought: |
| To: Hon David PARKER, Minister for the Environment | Read before meeting on Wednesday 8 March at 4pm |

| | |
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| Actions for Minister's Office Staff | N/A |
| Number of appendices and attachments # | Appendix 1: Talking points Appendix 2: Additional topics on packaging use and packaging waste Appendix 3: Reloop Platform briefing note – EU proposal for a regulation on packaging and packaging waste Appendix 4: Reloop Platform's submission on the option of a container return scheme for New Zealand |

Key Contacts

| Position | Name | Cell phone | 1st contact |
|---------------------|-----------------|--------------|-------------|
| Principal Author | Hannah Singer | N/A | |
| Responsible Manager | Annabelle Ellis | 022 009 7624 | |
| Director | Shaun Lewis | 021 101 2446 | ✓ |

Key messages

1. You are meeting with Rob Kelman from Reloop Platform (Reloop) on Wednesday 8 March from 4pm – 4.30pm. Rob would like to discuss the New Zealand Container Return Scheme (NZ CRS) with you. Talking points can be found at appendix 1.
2. Additional topics that may arise can be found in appendix 2 and include the European Union proposal for a regulation on packaging and packaging waste (appendix 3), and research and recommendations on refillable and reusable beverage containers.

Purpose of the meeting


3. Reloop is an international, member-based organisation that works with governments and industry to accelerate the global transition to a circular economy.¹ Rob Kelman is the Director of Reloop Asia-Pacific.
4. The Ministry for the Environment contracted Rob Kelman throughout 2020 to be on the Technical Advisory Group (TAG) for the container return scheme (CRS) co-design project, as an independent CRS expert. You previously met with Rob Kelman online in April 2021.
5. Rob Kelman provided feedback during public consultation on the option of a NZ CRS on behalf of Reloop. Overall, the Reloop submission supported the implementation of a NZ CRS (appendix 4).

Cabinet's agreement to implement a NZ CRS has not yet been publicly announced

6. In 2022 the Ministry undertook public consultation on the option of a NZ CRS, including key design considerations for a scheme.
7. In November 2022, Cabinet agreed to implement a NZ CRS.² No public announcements have been made regarding Cabinet's decision. Stakeholders are expecting an announcement on decisions in early 2023.

Key attendees

8. The following Ministry staff will join the meeting with Rob Kelman:
 - Shaun Lewis, Director, Waste and Resource Efficiency
 - Roderick Boys, Principal Advisor and project lead for the CRS.

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| Shaun Lewis Director Waste and Resource Efficiency |  |
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¹ Reloop has recently released the Global Deposit Book 2022, which includes a summary of over 50 container return schemes globally.

² While Cabinet agreed to the majority of scheme design elements as consulted on earlier in 2022, it agreed that the deposit level would be a minimum of 10 cents (rather than 20 cents as proposed during consultation). Cabinet also agreed that legislation would include enabling powers for the Minister for the Environment to make recommendations for the final deposit amount in regulations prior to scheme implementation.

Appendix 1: Talking points

Rob Kelman is likely to have strong views on the option of a CRS for New Zealand, and key scheme design elements. In discussions you could:

1. Acknowledge Rob's position as the Director of Reloop Asia-Pacific, and his previous work on the CRS co-design project's Technical Advisory Group.
2. Acknowledge the recent Reloop report 'Global Deposit Book 2022: An overview of deposit return systems for single-use beverage containers'.

Container return scheme

Note that the Ministry received a large number of submissions during public consultation in March – May 2022 on the option of a CRS for New Zealand (over 6000 submissions were received). In discussions you could:

3. Acknowledge Rob's submission during public consultation on the option of an NZ CRS on behalf of Reloop Platform.
4. Note that the Ministry is providing further advice on a NZ CRS to Ministers, and that you're expecting to make an announcement on the Government's decisions in early 2023.

EU Directive on packaging and packaging waste

In discussions you could:

5. Acknowledge Reloop Platform's brief on the EU Directive on packaging and packaging waste.
6. Enquire about the impact these changes will have on packaging waste in Europe, and what effects it may have internationally, including on New Zealand's imports or exports and on our domestic market for packaging and packaging waste.
7. Note that, further to public consultation on options for new waste legislation, the Ministry has been providing advice to Ministers on the overall legislative framework for waste management in New Zealand.

Appendix 2: Additional topics on packaging use and packaging waste

1. In the meeting invite Rob Kelman also provided a briefing on the European Union's (EU) directive on packaging and packaging waste (appendix 4). Rob may wish to discuss some of the proposals in the directive with you.
2. The proposed directive includes aims to limit the amount of packaging placed on the market, prevent the generation of packaging waste, and increase the reuse of packaging.
3. The directive would apply to all packaging placed on the EU market and all packaging waste, and includes mandatory deposit return systems for beverage containers, recycled content targets for plastic packaging, and reuse and refill targets. The directive is currently progressing through the EU legislative process.
4. We are currently developing new waste legislation to replace the Waste Minimisation Act 2008 and the Litter Act 1979. New waste legislation will significantly improve the way that waste is managed in New Zealand, including regulating products and materials to promote circularity.
5. The Ministry is in the process of procuring research and recommendations for refillable and reusable beverage systems in New Zealand. Recommendations may include how such systems could work alongside, or within a CRS.

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Appendix 3: Reloop Platform briefing note – EU proposal for a regulation on packaging and packaging waste

Appendix 4: Reloop Platform's submission on the option of a container return scheme for New Zealand

1. In 2022 the Ministry undertook public consultation on the option of a container return scheme for New Zealand (NZ CRS), including key design considerations for a scheme.
2. Rob Kelman provided feedback on the consultation on behalf of Reloop. Overall, the Reloop submission supported the implementation of a NZ CRS including:
 - a 20 cent deposit (and considered it the minimum deposit level)³
 - the option to eco-modulate scheme fees (“to send a price signal and improve material use, product design and infrastructure funding for improved down-stream outcomes”)
 - the proposed scope of containers (including glass)
 - a mixed-model return network (with different requirements for rural and urban retailers)
 - using the deposit financial model (as it ensures the polluter pays principle)
 - proposed recovery targets of 85 per cent by year 3 and 90 per cent by year 5.
3. Reloop's submission did not support:
 - the exclusion of fresh milk from a NZ CRS
 - the producer responsibility organisation (PRO) being not-for-profit and industry-led.

³ In August 2022, Reloop commissioned Kantar/Consumer Link in New Zealand to undertake consumer research polling regarding the proposal to introduce a NZ CRS. The survey found the New Zealand consumers are in favour of the proposal to introduce a CRS and that most consumers (52 per cent) indicated a preference for the deposit to be set at 30 cents rather than the proposed 20 cents.