



Cabinet Environment, Energy and Climate Committee

Minute of Decision

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Driving Recovery within a New Zealand Container Return Scheme

Portfolio Environment

On 30 September 2021, the Cabinet Environment, Energy and Climate Committee:

Background

- 1 **noted** that investigating a container return scheme for New Zealand (NZ CRS) is a Labour Party Manifesto commitment, was recommend to be implemented by the Prime Minister's Chief Science Advisor in 2019, and aligns with the New Zealand Labour Party and Green Party of Aotearoa's Cooperation Agreement;
- 2 **noted** that on 5 August 2021, the Cabinet Environment, Energy and Climate Committee invited the Minister for the Environment to prepare further advice for Cabinet on the design considerations of a NZ CRS [ENV-21-MIN-0039];
- 3 **noted** that the aim of a CRS is to increase the recovery and recycling of eligible beverage containers, reduce litter, and contribute to New Zealand's transition to a low-emissions, sustainable, and circular economy;
- 4 **noted** that the following decisions are in principle, and a proposal for a NZ CRS based on Cabinet direction will be provided in a draft consultation document for Cabinet consideration;

Deposit level

- 5 **noted** the core principle underpinning a CRS is to incentivise behaviour change using a refundable deposit which is added to the purchase price of eligible beverage containers to encourage consumers to return them;
- 6 **invited** the Minister for the Environment to prepare a draft consultation document for Cabinet consideration on a NZ CRS that proposes a set deposit level of NZD 20 cents per container;

Network design

- 7 **noted** that an efficient, convenient, low-carbon return network is one where the majority of people can easily return containers to places they frequent regularly for other purposes;

- 8 **invited** the Minister for the Environment to prepare a draft consultation document for Cabinet consideration on a NZ CRS proposing that retailers that sell beverages for take-away consumption, and are over a certain size would be mandated to take back eligible beverage containers;
- 9 **noted** that exemptions could apply to either scenario and include, for health and safety reasons, food safety reasons, or where there is another retail return point nearby;
- 10 **noted** that in addition to mandated return-to-retail requirements, other businesses or organisations could also voluntarily apply to be container return facilities where there are gaps and opportunities in the network (e.g. to provide return points for rural communities and depots to service bulk customers);
- 11 **noted** that a NZ CRS will have impacts on the amount of material collected in kerbside recycling, and that councils and materials recovery facilities will need to negotiate contracts to manage unclaimed deposit revenue recovered through kerbside recycling bins;

Financial design

- 12 **noted** that a CRS shifts the costs of recycling away from councils and ratepayers to the responsible supply chain (i.e. beverage producers/manufacturers, retailers and consumers);
- 13 **noted** that a NZ CRS could require beverage producers/manufacturers to pay a deposit on all eligible containers sold to market regardless of whether these containers are returned or not (deposit model) or at an amount determined by the proportion of eligible beverage containers that are returned (refund model);
- 14 **noted** that subject to Cabinet's decision to publicly consult on the proposed option of a NZ CRS, the Minister for the Environment intends to consult on a NZ CRS based on the deposit model;

Scheme governance

- 15 **noted** that a CRS can be industry-led or more broadly representative (e.g. including representatives from financial and legal sectors, iwi, community groups, consumers);
- 16 **noted** that a NZ CRS would ideally strike a balance between a well-regulated scheme that is industry-led, or a less regulated scheme that is more influenced by government and other interested parties at an operational level;
- 17 **noted** that, subject to Cabinet's direction on other scheme design considerations (and the degree of regulation), the Minister for the Environment intends to consult on the proposed option for an industry-led NZ CRS;
- 18 **directed** the Ministry for the Environment to prepare a draft consultation document on the option of a NZ CRS, in line with Cabinet direction on proposed design considerations to drive recovery of beverage containers outlined in the paper under ENV-21-SUB-0049.

Vivien Meek
Committee Secretary

Attendees (see over)

Present:

Hon Grant Robertson
Hon David Parker (Chair)
Hon Stuart Nash
Hon Willie Jackson
Hon Michael Wood
Hon Kiri Allan
Hon Phil Twyford
Rino Tirikatene, MP

Officials present from:

Office of the Prime Minister
Officials Committee for ENV

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