



Cabinet

Minute of Decision

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Agreement to implement a New Zealand Container Return Scheme

Portfolio **Environment**

On 28 November 2022, following reference from the Cabinet Environment, Energy and Climate Committee, Cabinet:

Background

- 1 **noted** that in February 2022, the Cabinet Environment, Energy and Climate Committee (ENV) agreed to public consultation on proposals for a New Zealand Container Return Scheme (NZ CRS), and invited the Minister for the Environment to report back on the development of options for a NZ CRS before the end of 2022 [ENV-22- MIN-0002];
- 2 **noted** that the proposal to implement a NZ CRS relates to 2020 Labour Party election manifesto commitments and the Cooperation Agreement with the Green Party;

New Zealand Container Return Scheme (NZ CRS)

- 3 **noted** that a NZ CRS is a form of product stewardship that is expected to double beverage container return rates, with a projected increase in beverage container recovery from 45 per cent to 90 per cent after five years of operation (20 cent deposit scenario);
- 4 **noted** that consultation feedback demonstrated that most submitters (92 percent) support the implementation of a NZ CRS and the key design elements also largely received high levels of support;
- 5 **noted** that industry submissions from large beverage producers and retailers raised concerns around costs and as appropriate, these have been taken into account in the modelling, alongside the updated treatment of GST for the refundable deposit;
- 6 **noted** that following consultation, the net impact on the PwC scheme financial modelling has reduced the estimated scheme cost in the consultation base case by \$44 million in year one, from \$553 million to \$509 million (20 cent scenario);
- 7 **noted** that the average household net cost for those participating and recycling through the scheme is estimated at \$1.08 per week or \$56 in year one (modelled as 2025/26; 20 cent scenario);
- 8 **noted** that the benefit-cost ratio for a NZ CRS is 1.48 (0.66 to 2.19; 20 cent scenario);

9 **agreed** to implement a NZ CRS with the following key design elements, as consulted:

Key design element (as consulted on)	Additional details
including all single-use metal, plastic (PET, HDPE, PP, and recyclable bio-based PET and HDPE), glass (all colours) and liquid paperboard (LPB) beverage containers	the Ministry for the Environment and Product Stewardship Organisation (PSO) to develop a clear process for considering additional beverage packaging types
container size 3 litres and smaller	lower limit of 100mL. Containers outside this scope will be subject to data and reporting
beverage container lids	the PSO is responsible for collecting and recycling beverage container lids
a mixed model network with regulated take back obligations for retailers that sell beverages	the degree of take back obligations to be established via regulation
exempt fresh milk in all packaging types	review the treatment of fresh milk at the completion of the scheme's third year
exempt beverage containers that are intended for refilling and have a verifiable producer established return and refill system in place	review the treatment of refillables at the completion of the scheme's third year
eco-modulation of the scheme fees	further detail such as the criteria for eco-modulation to be provided in the next paper
deposit financial model	consistent with international best practice, precludes the need for a Government loan
not-for-profit and industry-led	consistent with international best practice. Does not preclude broader representation on the scheme's Governance Board, or the ability of the Government to appoint representation
mandatory return targets of 85 per cent from year 3 and 90 per cent from year 5 onwards	consistent with international best practice

Legislative Design

- 10 **noted** that a bespoke legislative and regulatory framework is needed to implement the NZ CRS, due to the technical nature of the scheme;
- 11 **noted** that industry will be incentivised to drive down costs, which is desirable, but could come at the expense of attaining the NZ CRS return rate targets and outcomes;
- 12 **noted** that unlike other jurisdictions, the Minister for the Environment does not currently propose an environmental tax as a back-stop but instead proposes a regulatory framework with checks and balances;

Scope of the NZ CRS

Scope of containers

- 13 **noted** that to ensure the NZ CRS meets its objectives, it will be necessary for the primary legislation to include a framework that enables appropriate categorisation of products as being within scope of the NZ CRS regime, and if within scope, approved for sale within the CRS, exempt from the CRS, or excluded from the CRS;
- 14 **agreed** that the primary legislation will provide a general definition of beverage container, including that it applies to a liquid substance intended for human consumption that is contained in a vessel or casing that is sealed in an airtight and watertight state at the point-of-sale or supply;

15 **agreed** that the definition provide for beverage container lids;

16 **agreed** that following consultation and advice from the Secretary for the Environment (the Secretary), the Minister for the Environment will have the power in primary legislation to recommend regulations specifying the categories of containers that are included, excluded or exempt from the NZ CRS based on characteristics such as container material type, product content or beverage volume;

Out of scope containers

17 **noted** that containers that do not meet the general definition of a beverage container, such as non-beverage products, will be out of scope of the NZ CRS;

Minister to specify categories of containers

18 **agreed** the Minister for the Environment be empowered to recommend regulations to specify beverage containers as 'eligible, 'exempt' or 'excluded';

19 **agreed in-principle, subject to** the passing of primary legislation, that in line with the scope of containers in paragraph 9 the following categories of beverage container materials be included in the scheme and defined in regulation: metal, plastic, glass and liquid paperboard;

Secretary for the Environment to categorise individual containers

20 **agreed** that the Secretary will be required to assess and categorise beverage containers as 'eligible', 'exempt' or 'excluded' in accordance with the regulations, after the first responsible supplier has met the necessary Information Disclosure requirements and registered their beverage containers through the Registration Portal;

Initial exemptions for beverage containers

21 **agreed in-principle, subject to** the passing of primary legislation, and in line with paragraph 9, to specify initial exemptions for:

21.1 fresh white milk in all packaging types;

21.2 beverage containers intended for refilling and that have a verifiable producer established return and refill system in place;

21.3 beverage containers larger than 3 litres and less than 100 millilitres;

22 **noted** that any exempted products will need to be reconsidered in the future and that in order to consider the exemption, information from the first responsible suppliers of the exempted products is needed;

23 **agreed** that any exemption powers in primary legislation, to be exercised through regulation, do not apply to information disclosure requirements or the requirement for first responsible suppliers to register their products in the Registration Portal;

Exclusions

24 **noted** that excluded products are typically those that are difficult to recycle and can end up as contamination in recycling streams, littered, or landfilled;

- 25 **noted** that some beverage container materials or packaging formats will be defined as excluded because they meet the definition of a beverage container, but are not assessed as eligible or exempt from the NZ CRS;
- 26 **agreed** that the onus will be on the first responsible supplier to the New Zealand market to register their products in the Registration Portal for assessment and categorisation;
- 27 **agreed** that excluded beverage containers cannot be sold or supplied on the New Zealand market, unless a temporary exemption to the exclusion is applied;

Temporary exemptions to exclusions

- 28 **agreed** that the primary legislation will allow the Minister for the Environment to recommend a temporary exemption for excluded products via regulations and given consideration of the scheme commencement date, for any existing products to enable transitional arrangements;
- 29 **agreed** that the primary legislation will allow the Minister for the Environment to provide a temporary exemption for any in-scope beverage product via gazette notice in emergency or unforeseen circumstances outside of normal scheme operations, upon recommendation of the Secretary, following consultation with the Product Stewardship Organisation (PSO);

Changes and new products

- 30 **noted** that new technology, materials and markets may emerge that will require a process for the NZ CRS product scope to change in time;
- 31 **agreed** that the primary legislation will enable the Minister for the Environment to recommend the addition or removal of product types in regulation, following consultation with affected parties;

Beverage container lids

- 32 **agreed** that the regulations will require the PSO to be responsible for collecting and recycling beverage container lids, and include beverage container lids in the definition of an in-scope container (see paragraph 9);

Scheme design: Return rate targets

- 33 **noted** that consultation has demonstrated a high level of support for the return rate targets;
- 34 **noted** that NZ CRS return rate targets will include eligible kerbside beverage container volume that is recovered and redeemed by the scheme, consistent with most Australian schemes;
- 35 **noted** that attainment of the scheme return rates will be influenced by a range of factors, including the deposit amount and the convenience of the network return points;
- 36 **agreed in principle, subject to** the passing of primary legislation, that the Minister for the Environment will recommend regulations to set mandatory return rate targets of 85 per cent from year three and 90 per cent from the end of year five, in line with paragraph 9;
- 37 **agreed** in primary legislation to require a review of the NZ CRS, should the scheme fail to meet its targets;

Recycling of containers

- 38 **noted** that, wherever possible, recovered beverage containers are intended to be recycled back into new beverage or other food grade containers, in order to meet the scheme's circular economy objectives;
- 39 **agreed** that the definitions of recycling will be provided for in regulations and that these will be developed and recommended by the Minister for the Environment during the drafting process;
- 40 **agreed** that the PSO will be obligated to ensure that all materials recovered are recycled in accordance with definitions in regulation and the criteria for scheme fee eco-modulation;

Scheme design: Return network

- 41 **noted** that the return network of any CRS strongly influences the scheme's return rate and how equitable the scheme is for people living in urban and rural New Zealand;
- 42 **agreed** that the NZ CRS return network will have a 'mixed-return' model, which will include both regulated retailer take-back obligations (to establish a base network with a high level convenience) and a procurement-led approach to establish depots and other retail return points, such as over-the-counter return points;
- 43 **agreed** that, unless an exemption applies, designated retailers must establish and operate a return point for empty eligible beverage containers;
- 44 **agreed in-principle, subject to** the passing of primary legislation, that retail take back exemption criteria be established in regulation pending further geo-spatial analysis and modelling to be completed in early 2023;
- 45 **agreed** that primary legislation will require the PSO to procure and approve additional return points in line with CRS Design Standards;
- 46 **noted** that the return network operations provide significant potential fraud risk and that modern schemes utilise electronic per container counting and verification technology to manage and minimise this risk;
- 47 **noted** that electronic per container counting and verification technology may leverage multiple per container variables, including the container physical characteristics (whole, intact, relatively undamaged, empty, material type) and any scheme labelling requirements;
- 48 **agreed** that primary legislation require all eligible returned containers be electronically, per container, counted and verified unless recommended for exemption by the Minister for the Environment in regulation;

Obligations on NZ CRS participants

- 49 **noted** that in order to enable the NZ CRS to operate effectively, obligations on a range of participants are required;
- 50 **agreed** that all participants within the NZ CRS must comply with conditions as detailed in CRS Design Standards and Information Disclosure requirements issued by the Secretary;

Return point operator obligations

- 51 **agreed** that primary legislation will obligate all return point operators to enter into a services agreement with the PSO, covering the reasonable costs of providing a return point via a per container handling fee, and for deposit refunds paid out on returned containers by the return point operator;
- 52 **agreed** that the primary legislation provides for powers to set the minimum type of payment in regulation e.g. cash or voucher redeemable for cash at the same site, that must be offered by return point operators when containers are redeemed for the refundable deposit;
- 53 **agreed** that the primary legislation will require return point operators operating reverse vending machines to provide for electronic charitable donation options on the reverse vending machine in accordance with the CRS Design Standards;
- 54 **agreed** that donations can only be payable to charities registered by Charities Services and of types provided for in regulations recommended by the Minister for the Environment following consultation;
- 55 **noted** that, as part of industry proposals to enable the appointment of the PSO, applicants will outline how the PSO will set up a fair, transparent and equitable process to ensure a broad range of charities will benefit from donation options on reverse vending machines;
- 56 **agreed** that the CRS Design Standards will set out the matters industry's proposal for the PSO must address to ensure equity in the way the PSO provides for charities;
- 57 **agree** that CRS Design Standards and Information Disclosure requirements address matters including those listed in paragraphs 136 and 137 of the paper under ENV-22-SUB-0057;

Kerbside – council and materials recovery facility (MRF) obligations

- 58 **noted** that the ability of Councils and their recyclers to obtain deposit refunds from kerbside collection systems is an important way for Councils to offset kerbside scheme costs and offset the revenue loss from materials;
- 59 **noted** that this approach is consistent with the more modern Australian schemes and does require kerbside recyclers to be subject to an auditing regime;
- 60 **agreed** that primary legislation provides that under the NZ CRS, beverage containers returned via kerbside collection and recovered by Councils and/or their recyclers will be included within the scheme and eligible for deposit refunds;
- 61 **agreed** that primary legislation require that, prior to seeking refund payments for empty beverage containers collected at kerbside, all Councils that appoint or otherwise utilise the services of separate recyclers to manage kerbside collections and/or processing, must enter into a revenue sharing agreement with the relevant service providers and the Council is to notify the PSO and the Ministry for the Environment of this agreement;
- 62 **agreed** that the obligation in paragraph 61 does not apply for Councils that operate fully integrated kerbside collection and processing systems;

- 63 **agreed** that primary legislation provides that subject to notification by a Council or Councils of a revenue sharing agreement, or where a Council operates a fully integrated kerbside collection and process system and does not require a revenue sharing agreement, the PSO is required to enter into an agreement that, subject to satisfactory auditing and compliance, requires the PSO to pay deposit refunds to Councils and/or recyclers in respect of kerbside-recovered NZ CRS eligible containers;
- 64 **agreed** that PSO agreements with Councils/recyclers will include arrangements with respect to the inclusion of containers collected at kerbside in the NZ CRS, including auditing requirements;
- 65 **agreed** that PSO agreements with Councils/recyclers will not be required to pay for any collection, processing or auditing costs incurred by Councils/recyclers in order for those parties to obtain the deposit refunds;
- 66 **agreed** that primary legislation provides that the PSO will have first right of refusal to the ownership, commodity sale and value for those containers for which a deposit refund has been paid, as is appropriate to offset scheme costs;
- 67 **agreed** that primary legislation will provide that unless the parties involved otherwise agree, if the PSO exercises the right to ownership of eligible kerbside materials that deposit refunds are being paid out on, all transport, shipping and sales costs associated with the eligible materials from the materials recovery facility onwards will be at the expense of the PSO/CRS;
- 68 **noted** that because of the way containers collected at kerbside are processed, baled and stored, in the absence of an electronic per container counting and verification system, a weight-based calculation and payment system is likely to be used, and this significantly increases fraud risk for the CRS;
- 69 **agreed** that to mitigate fraud risk, the Secretary for the Environment can provide for the following matters in the CRS Design Standards, on advice of the PSO:
- 69.1 protocols for how refunds for containers collected at kerbside can be calculated using a weight-based system;
- 69.2 protocols for auditing and any other fraud mitigation practices;
- 70 **agreed** that subject to all relevant conditions being met, primary legislation will provide for an exemption from the broader CRS fraud mitigating electronic per container counting and verification requirements, and that this power may be exercised by the Minister for the Environment through the regulation making process;

First responsible supplier obligations

- 71 **noted** that the first responsible supplier is the entity who first supplies a beverage product in New Zealand;
- 72 **noted** that for the CRS to operate effectively it will be necessary for the scheme to focus, in the first instance, on the first responsible supplier for introducing beverage containers into New Zealand;

- 73 **agreed** that under the scheme, first responsible suppliers be prohibited from selling beverage containers unless they have:
- 73.1 first registered their beverage and container in the Registration Portal operated by the Ministry for the Environment or its authorised third party;
 - 73.2 obtained approval from the Ministry for the Environment or its authorised third party to participate in the scheme;
 - 73.3 entered into a written agreement with the PSO;
 - 73.4 complied with labelling requirements as set out in the CRS Design Standards;
- 74 **agreed** that specific requirements for the obligations outlined at paragraph 73 will be set out in the CRS Design Standards issued by the Secretary for the Environment;
- 75 **authorise** the Minister for the Environment to make technical changes to the obligations of scheme participants during the drafting process, provided that these obligations are consistent with the overall design of the CRS;

Product Stewardship Organisation (PSO)

Appointment of the PSO

- 76 **noted** that the PSO will be a not-for-profit, industry-led organisation responsible for operationalising the CRS;
- 77 **agreed** that the Minister for the Environment will appoint the PSO on advice from the Secretary for the Environment, taking into consideration any other matters the Minister for the Environment considers relevant;
- 78 **agreed** that the Secretary for the Environment will establish criteria to evaluate industry proposals to establish a PSO, and that criteria will require an assessment against the:
- 78.1 CRS Design Standards developed by the Secretary for the Environment;
 - 78.2 return targets established by the Minister for the Environment;
 - 78.3 proposals for the inclusion of Māori, non-government organisations and community groups;
 - 78.4 any other matters determined by the Minister for the Environment during drafting;

Governance of the PSO

- 79 **noted** that the Minister for the Environment will seek approval of proposals regarding governance of the PSO, including provision for equitable industry representation and the perspectives of Māori and consumers, in the first quarter of 2023;
- 80 **agreed** that further advice be developed in consultation with the Minister of Finance and the Minister for Public Services;

Tax status of the PSO

- 81 **noted** that exempting the PSO from paying tax will support the public good objectives of the PSO by enabling lower scheme fees;
- 82 **noted** that officials are working to prepare advice on the appropriate corporate structure and tax status of the PSO, and that this advice is intended to be provided in the first quarter of 2023;

Responsibilities and functions of the PSO

- 83 **noted** that the PSO will be responsible for operationalising the NZ CRS and will perform the functions set out in paragraph 121 of the paper under ENV-22-SUB-0057;
- 84 **authorise** the Minister for the Environment to approve additional functions during drafting;

PSO reporting

- 85 **agreed** that the PSO will be required to report in line with the Information Disclosure requirements specified by the Secretary for the Environment;

Powers of the Secretary and Ministry for the Environment

- 86 **agreed** that the Secretary for the Environment or its authorised third party will be the statutory officer responsible for monitoring the CRS, including monitoring the outcomes being achieved, operating a Registration Portal and assessing and approving beverage containers;
- 87 **noted** there are strong parallels between water services entities and the PSO in that both are established as statutory monopolies to attain public good outcomes while operating autonomously from government, in a commercial environment and as such the PSO faces the same kinds of behavioural incentives as water services entities;
- 88 **noted** the tools proposed for the Secretary for the Environment have strong parallels to the tools being proposed for the Commerce Commission under the Water Services Economic Efficiency and Consumer Protection Bill;
- 89 **noted** that, as a starting point, the framework for providing for the above determinations is based on Part 2 of the Water Services Economic Efficiency and Consumer Protection Bill with necessary amendments;
- 90 **agreed** the Secretary for the Environment be able to make determinations relating to:
- 90.1 *Information Disclosure requirements* – that apply to all NZ CRS participants, and those whose beverage containers are excluded from the NZ CRS, and ensures the Board of the PSO has all the information necessary to understand compliance and scheme performance;
- 90.2 *CRS Design Standards* – that assure critical elements of the CRS are maintained that are necessary to ensure return targets are achieved, including enabling Māori participation in the return point network;

90.3 *Input methodologies and spending caps* – as necessary to ensure the PSO is:

90.3.1 treating inputs to the scheme fee appropriately;

90.3.2 not undertaking unnecessary expenditure;

91 **agreed** that the Secretary for the Environment may appoint auditors for the purposes of gathering information to identify non-compliance and/or substantiate the performance of the NZ CRS;

92 **noted** that further advice to be provided in the first quarter of 2023 will seek agreement for additional functions, powers and duties for compliance, monitoring and enforcement, including setting out the scope of the power of entry;

Registration portal

93 **noted** it is important that the Ministry for the Environment has visibility over who is participating in the scheme and in what capacity;

94 **agreed** the Ministry for the Environment or its authorised third party will establish and operate a Registration Portal;

95 **agreed** that all beverage producers and importers, whether their containers are in scope or not, that constitute first responsible suppliers be required to register;

96 **noted** that information required of registrants will be set out in Information Disclosure requirements;

Powers of the Minister for the Environment

Minister's powers to intervene in the PSO

97 **noted** that there is a risk with an industry-led model that the PSO may not manage the NZ CRS in a manner that ensures return targets are achieved, and as such it is appropriate that the Minister for the Environment has sufficient powers to intervene;

98 **noted** that the Minister for the Environment does not consider it sufficient for the Minister for the Environment to only be able to influence the governance of the PSO, and given the complexity of the NZ CRS, how the scheme is operationalised is critical and the proposed powers of intervention reflect that;

99 **noted** the Minister for the Environment has proposed an 'escalation' approach to the Minister for the Environment's powers of intervention;

100 **agreed** that the Minister for the Environment's powers to intervene are based, as a starting point, on Part 5, Sub-Part 2 and 3 of the Water Services Bill, with necessary modifications;

101 **agreed** that primary legislation define the circumstances under which the Minister for the Environment may intervene;

102 **authorised** the Minister for the Environment to define the circumstances under which the Minister may intervene to be developed during drafting;

- 103 **agreed** that the Minister for the Environment has the power to appoint:
- 103.1 a review team to investigate and report on the nature and extent of any issue;
 - 103.2 a Crown Manager to act with, or in place of, the Board of the PSO to resolve any issue;
- 104 **agreed** that, as a last resort, should the Minister for the Environment consider it warranted, the Minister may dissolve the PSO Board taking on the assets and liabilities of the PSO;
- 105 **agreed**, that on advice from the Secretary, the Minister for the Environment may require the PSO to replace any scheme fee with a fee specified by the Minister for the Environment;
- 106 **agreed** to develop the circumstances under which the Minister for the Environment may require the PSO to implement a specific scheme fee as part of the drafting process;
- 107 **agreed** that, for a revised scheme fee to take effect, the Minister must write to the PSO stating the reasons why the PSO's fee is being replaced and the fee that it must be replaced with;

Review of the operation of the NZ CRS

- 108 **agreed** that primary legislation include a requirement for the Minister for the Environment to review the operation of the NZ CRS at the completion of the third year of the scheme being operational;
- 109 **agreed** that the review should include:
- 109.1 consideration of performance against targets;
 - 109.2 container scope and exemptions;
 - 109.3 setting the timeframe for the next review;
 - 109.4 any other matters determined by the Minister for the Environment;
 - 109.5 Scheme design: financials

Setting the refundable deposit

- 110 **noted** that setting a refundable deposit amount that is sufficient to incentivise consumers to return beverage containers and reduce litter is fundamental to the success of the NZ CRS;
- 111 **noted** that a 20 cent deposit amount was consulted on and received high levels of support;
- 112 **noted** that large beverage producers in particular oppose 20 cents in favour of 10 cents;
- 113 **noted** that in any case, the deposit cannot be lower than 10 cents (including GST) in order to enable a cash refund payment in New Zealand;
- 114 **agreed** that legislation will establish a minimum 10 cent refundable deposit (GST inclusive) and that officials will provide further advice on this rate in 2025 once emerging evidence and developments from Australian Container Deposit Schemes becomes available;

- 115 **agreed** that legislation will include enabling powers for the Minister for the Environment to make recommendations for the final deposit amount in regulation prior to scheme implementation;
- 116 **noted** that emerging evidence and developments, including on Australian scheme performance, should be given consideration when setting the deposit amount in regulation;
- 117 **agreed** that once set in regulation, the Minister for the Environment will have the power to recommend changes to regulations to adjust the deposit level further, following advice from the Secretary for the Environment on the extent to which the existing deposit level is achieving scheme return targets and outcomes, following consultation with affected parties;
- 118 **agreed** that primary legislation will include powers for the Minister for the Environment to recommend regulations requiring:
- 118.1 the PSO and first responsible supplier of eligible beverage containers to collect and pay a refundable deposit upon first supply to the market and within a specific timeframe;
 - 118.2 that eligible redeemed container deposits be refunded in prescribed circumstances;
 - 118.3 that the PSO collect the full deposit value prescribed in regulation from first responsible supplier of eligible beverage containers in a timely fashion);
- 119 **agreed** that primary legislation will provide that the refundable deposit will be applied to all eligible, registered and approved beverage containers and is payable by first responsible suppliers to the PSO under the 'deposit financial model' arrangements;

Scheme fees

- 120 **agreed** that the primary legislation provides that scheme fees will be set annually by the PSO;
- 121 **agreed** that primary legislation provides for the Secretary to, if required, set input methodologies for determining the scheme fees;

Eco-modulation of the scheme fees

- 122 **noted** that the intention is that all containers collected through the NZ CRS must be sent to a recycling market outcome (domestic and export markets), and wherever possible, this outcome should be a circular food grade 'container-to-container' recycling requirement;
- 123 **noted** that further detail on eco-modulation will be included in the next Cabinet paper, including the proposed criteria for eco-modulation;

Additional considerations

Scheme launch date

- 124 **agreed in principle, subject to** the assent of new enabling waste legislation in the first quarter of 2025, to a scheme launch date in July 2026, and provision in primary legislation for the launch date to be changed by the Minister for the Environment should unforeseen circumstances negatively impact preparations e.g. COVID-19;

125 **agreed** for the transition period for selling old stock to be set in regulation, subject to further engagement with affected parties;

Further decisions

126 **invited** the Minister for the Environment to report back to Cabinet in the first quarter of 2023 with further details on the return network, compliance, governance of the PSO, and any other matters;

International obligations

127 s 9(2)(h)

Financial implications

128 **noted** that if Cabinet agrees to implement a NZ CRS, departmental costs to progress the required statutory instruments, establish and monitor the scheme, estimated at \$6.41m over five financial years from 2023/24, will be met from Ministry for the Environment baseline funding;

129 **noted** that subject to Cabinet agreement to proposals s 9(2)(f)(iv)

130 **noted** that in line with section 20 of the Waste Minimisation Act 2008, the Minister for the Environment's expectation is that costs incurred by the Ministry for the Environment for monitoring the performance of the NZ CRS (including the costs of operating the Registration Portal) estimated at s 9(2)(i), will be recovered from the PSO;

131 **noted** that further advice about the expected costs and funding sources of compliance monitoring and enforcement activities in relation to the NZ CRS will be provided in a subsequent paper;

132 s 9(2)(f)(iv)

133 s 9(2)(h)

Treaty of Waitangi

134 **agreed** that, as part of the reporting requirements set out in Information Disclosure standards, the Ministry for the Environment will gather information and assess the extent to which the PSO is meeting its obligation to ensure equitable outcomes of the scheme are being met for Māori;

135 **noted** that proposals for scheme governance and further details regarding the return network and Crown obligations for Māori will be provided in a subsequent paper;

Announcements

- 136 **noted** that the Minister for the Environment intends to announce the policy decisions following Cabinet agreement to implement a NZ CRS;
- 137 **noted** that with respect to the refundable deposit level to apply for a NZ CRS, Cabinet has the option to signal its preference via an in principle agreement (subject to regulation as per paragraphs 115 and 116);
- 138 **agreed** to a refundable deposit of no less than 10 cents (including GST), with the initial levy rate set at 10 cents, subject to regulation as above, and subject to further advice from officials in 2025 once emerging evidence and developments from Australian Container Deposit Schemes becomes available;
- 139 **approved** the public release of the Summary of Submissions attached to the paper under ENV-22-SUB-0057;
- 140 **authorised** the Minister for the Environment to make changes to the Summary of Submissions including final editing and design in preparation for publication;

Next steps

- 141 **invited** the Minister for the Environment to issue drafting instructions to the Parliamentary Counsel Office based on the decisions presented in this paper;
- 142 **authorised** the Minister for the Environment to further clarify policy decisions relating to the proposals in this paper, in a way consistent with Cabinet decisions.

Rachel Hayward
Secretary of the Cabinet

Secretary's Note: This minute replaces ENV-22-MIN-0057. Cabinet agreed to amend paragraph 114.