



## **THIS DOCUMENT IS TO SUPPORT GUILD MEMBERS IN MAKING A SUBMISSION TO MINISTRY FOR THE ENVIRONMENT ON TRANSFORMING RECYCLING**

The link to the submission process can be found here:

<https://environment.govt.nz/news/transforming-recycling/>

This document outlines information about how to go through the process of making a submission.

It also offers recommendations for information and wording that you may wish to use in your submission. These are suggestions only and we encourage members to use their own words and opinions. However we have researched information and sourced facts to support your submissions.

Please note: **YOU DO NOT HAVE TO RESPOND TO EVERY QUESTION OR PROPOSAL**. You can also enter your comments directly into the 'Provide further feedback' section and have the option of submitting a pdf.

**You can start your submission and save to return to later.**

### **Guidance for submitting via email**

This is a guide for making an **email submission** to the Ministry for the Environment on the Transforming Recycling consultation on the Container Return Scheme and Kerbside Recycling proposals.

This is intended to provide you with guidance, templates, information and some key points that you may wish to include in your submission.

- It is important that you answer the questions in the same order as on the online submission form. For guidance on the questions you check out the Guild's Submission pdf (<https://www.brewersguild.org.nz/members-resources/regulatory/>) or visit the submission page on the website <https://environment.govt.nz/what-government-is-doing/areas-of-work/waste/transforming-recycling/>
- Customise your submission to your business's profile and use some or all of what is provided depending on what is relevant to your business. You may wish to include additional points on issues that are important to you.
- When you customise your submission, provide background about your business and give examples of how your business may be impacted by the proposals. This will ensure that each submission will reflect individual businesses while strengthening the wider industry priorities. It is vital you tell your story to communicate the impact this proposal will have on you and your business.
- Once you have written your submission use the template below as a cover email – this covers the main questions that you must answer, and that the Ministry asks for of every submission. The yellow highlighted areas are for you to customise to suit.

## **DRAFT EMAIL SUBMISSION COVER NOTE/INTRODUCTION**

To whom it may concern:

This email is my/our submission on the Transforming Recycling – Container Return Scheme **(and Kerbside Recycling)** consultation.

My name is [insert name] and I [work for / own] [insert company name] a [insert business type] company operating in [insert location] for [more than XX] years. We [insert something that explains what business you are in e.g. have been proudly brewing craft beer for the NZ market for the last 15 years]. We have [XX] permanent staff and up to [YY part-time/casual staff during harvest/bottling etc]. [Insert additional business information e.g. turnover, donations, sports/community sponsorships]. We are supportive of the Government’s sustainability aspirations to significantly reduce waste and improve environmental outcomes through enhanced recovery and recycling of waste material. We are committed to running our business in a sustainable way **(and currently undertake X,Y & Z sustainability initiatives)**.

My email address is [insert address].

I live in [insert region].

Our local council is [insert council].

I am submitting on behalf of [insert organisation name] on the Transforming Recycling Container Return Scheme consultation. We are a [insert business type eg. winery, distillery, brewery] business.

### **Consent for submission**

I **do / do not** consent to my full submission being published on the Ministry for the Environment website.

I **do / do not** consent to my name to be published with my submission.

**Once you have answered the questions you want to respond to and have drafted your email submission send to: [TransformingRecycling@mfe.govt.nz](mailto:TransformingRecycling@mfe.govt.nz) with the email headline: SUBMISSION: Transforming Recycling - Container Return Scheme and Kerbside Recycling.**

## **Some key points that you may or may not want to use in your submission.**

- *Deposit is reduced from 20-cents to 10-cents to minimise financial burden to consumers and business.*
- *A Container Return Scheme (CRS) is preferred over a Container Deposit Scheme (CDS) with industry invoiced in arrears.*
- *Standardised kerbside recycling is implemented nationwide.*
- *An effective scheme should be industry-led and not-for-profit.*
- *A voluntary return-to-retail component. An open, diverse, and accessible return network with a variety of refund point types to cater to consumer needs.*
- *Targeted glass programme (EPR) running in parallel to CRS to maximise NZ's recycling quality*

## **To assist with the calculation of financial impact there are two distinct “costs” you might like to consider.**

*The first is the cost per container.* The Government has stated the cost will be 23-25 cents per container, however, we expect it to be more likely between 26-34 cents per container.

The Ministry for the Environment's interim regulatory impact statement (RIS) states that the costs of the scheme to consumers will be a 20-cent deposit fee, plus a scheme fee of 8.8-cents and 4.32-cents GST – total 33.12-cents per container.

The Ministry asserts that the 8.8-cent scheme costs will be 'offset' by reinvesting deposits unredeemed by consumers, reducing this number to 3-5-cents. Bringing the offset total container costs to between 26.45-cents and 28.75-cents. This is problematic as this means consumers recycling containers via other methods such as kerbside, are in effect subsidising the scheme by bearing the full 33.12-cent cost of the scheme.

*Secondly, it is predicted sales will fall by at least 6.5% because of price increases being passed on and thirdly there will be one-off re-labelling costs.* Noting that the 6.5% decrease in sales is based on the Queensland scheme and a 10-cent deposit fee so it is likely a 20-cent deposit will have a much larger impact on sales decline.

## **Further information and suggested answers that we think may be relevant to some of our members submissions.**

We have provided this information directly related to some of the Questions in order to make the process easier:

### **Q3: Do you support the proposed refund amount of 20 cents?**

No.

*We submit that the proposed deposit is reduced from 20-cents to 10-cents to minimise financial burden to consumers and business.*

The consultation paper notes the introduction of a Container Return Scheme (CRS) would result in additional costs for consumers across a wide range of beverages. Families in [my region/locality/city/town] are facing increasing challenges from high costs of living - [insert local example of community pressure e.g. X food bank has reported Y demand if possible]. The costs of a CRS scheme need to be balanced against the environmental outcomes and should not add to the financial burden on families and business.

Modelling commissioned by the Ministry for the Environment indicates the proposed deposit rate will lead to a 6.5% decline in beverage sales – that equates to [insert \$sales figure] to my business which would lead to [insert business outcome – staff numbers reduced by Y, business growth/investment stopped etc]. Noting that the 6.5% decrease in sales is based on the Queensland scheme and a 10-cent deposit fee so it is likely a 20-cent deposit will have a much larger impact on our sales and business.

### **Q4: How would you like to receive your refunds for containers?**

We support a range of payment methods that will ensure consumers have broad and accessible options to receive their refunds. Retailers should have the option to provide cash refunds, but it should not be mandatory due to costs of cash handling and availability of cash in more remote locations.

### **Q6: Do you agree with the proposed scope of beverage container material types to be included in the NZ CRS? Yes or No**

There are a number of things to consider here:

- Fresh Milk containers are excluded and this is a potential advantage to the dairy industry
- There is an opportunity for a separate scheme for glass that runs in parallel to a return scheme.

*(For more information on the EPR and Glass recover option please see the document in the members area of the website OR look at the end of this document for information on supporting a separate glass scheme as part of your submission)*

**Q20: Which types of location/s would you find the easiest to return eligible beverage containers to?**

We support a diverse, competitive, and accessible network with voluntary participation, with a market-driven procurement process undertaken by the scheme managing agency and overseen by Government to drive a network that delivers on desired refund point density and accessibility standards set by Government.

We support the inclusion of kerbside within the scheme with deposit payments conditional on reinvestment in improvements in collection, source sortation and recovery of materials

**Q28: Do you support the implementation of a Container Return Scheme (CRS) for New Zealand?**

*We would support implementation of a CRS scheme if some of the key scheme design criteria were amended. We support a scheme that improves recovery AND recycling rates but does so in a way that balances the cost to my business and my customers.*

I/We feel there are [six] elements critical to the success of any well-run return scheme. These are:

1. *Deposit is reduced from 20-cents to 10-cents to minimise financial burden to consumers and business.*

The consultation paper notes the introduction of a Container Return Scheme (CRS) would result in additional costs for consumers across a wide range of beverages. Families in [insert location/region] are facing increasing costs of living - [insert local example of community pressure e.g. X food bank has reported Y demand]. The costs of a CRS scheme need to be balanced against the environmental outcomes and should not add to the financial burden on families and business. Modelling commissioned by the Ministry for the Environment indicates the proposed deposit rate will lead to a 6.5% decline in beverage sales – that equates to [insert \$sales figure] to my business which would lead to [insert business outcome – staff numbers reduced by Y, business growth/investment stopped etc]. Noting that the 6.5% decrease in sales is based on the Queensland scheme and a 10-cent deposit fee so it is likely a 20-cent deposit will have a much larger impact on sales decline.

2. *An effective scheme should be industry-led and not-for-profit.*  
[insert business name/your name] supports the Ministry's intention for a regulated product stewardship programme that is industry-led and not-for-profit. We are committed to playing our part to achieve the best possible sustainability outcomes for New Zealand.
3. *A Container Return Scheme (CRS) is preferred over a Container Deposit Scheme (CDS) with industry invoiced in arrears.*

Although, the CDS model proposed supports the offset of unclaimed deposits to reduce the overall cost, the CDS model as opposed to the CRS requires producers to pay the costs of the deposit and scheme-related fee on every bottle produced as it leaves the [brewery/distillery/winery]. The increased upfront production costs will cause significant cash flow pressures for [insert business name and elaborate on why if possible]. A CRS model that includes a loan to the Managing Agency to fund the initial float of the scheme operations would allow us to pay the scheme and deposit fee costs in arrears following the supply of containers into the market – this would greatly enable us to manage our cash flow and [insert a personal comment about what this means for your business if possible]. The consultation document refers to a Container Deposit Scheme, with elements that are a Container Return Scheme. We submit that this needs clarification.

4. *Standardised kerbside recycling is implemented nationwide*  
We agree and support the Ministry's desire to standardise council-run kerbside recycling collection schemes nationwide, this makes sense as the first step on the journey to success.
5. *A voluntary return-to-retail component. An open, diverse, and accessible return network with a variety of refund point types to cater to consumer needs.*  
The proposed mandatory return to retail will result in higher network handling fees that will impact consumers and businesses and likely impact the viability of other collection facilities. A more diverse and accessible scheme would encourage innovation in collection pathways and facilities and provide an opportunity for charities and community groups to participate as collection facilities, thereby achieving a major scheme objective.
6. *Targeted glass programme (EPR) running in parallel to CRS to maximise NZ's recycling quality.*  
The CRS scheme should focus on plastic and aluminum with improvement of the current voluntary Extended Producer Responsibility (EPR) model for glass that runs in parallel to maximise the recovery and recycling quality for all materials.

**We appreciate that for some of our members a glass-alternative recovery model might be an important part of your individual submissions – therefore we have included below further information on a separate glass recovery scheme should you wish to use this information.**

*We submit that a separate scheme should be set up for glass that runs in parallel to a return scheme for plastic and aluminium as has been implemented successfully elsewhere in the world. This would maximise NZ's recycling quality and would achieve better sustainability outcomes while enhancing the existing glass scheme which already collects close to 75% of all glass.*

A well-designed glass collection scheme within a regulated recycling model will ensure the highest possible quality of colour sorted glass is available for recycling. This would minimise unnecessary loss of quality that is a problem arising from collecting mixed glass in CRS schemes.

Separating out glass would support existing kerbside collection and make overall recovery simpler and less complex. A glass collection scheme would cater for all glass – not just beverage containers – and would not require significant consumer behaviour change, as the existing collection system would be more easily promoted, enhanced, and expanded.

We would also point out that there are potential flaws in the data used to justify a container deposit scheme as proposed in the consultation document. These include:

1. The positive economics of the CRS scheme as proposed in the consultation document is largely because of how litter is accounted for as stated in the consultation documentation's cost benefit analysis (CBA). NZ Institute of Economic Research (NZIER) has reviewed this CBA and found the analysis is based on insufficient data, and potentially overstates the percentage of litter across all categories by up to 59%.
2. Additionally, recent Australian studies by The Centre for International Economics indicate that information in the consultation documentation is 10 years out of date and significantly overstate consumers 'willingness to pay' for such schemes.
3. NZIER also suggest consumer costs have been understated and beverage prices per container overstated, leading to scheme costs as a percentage of beverage prices being understated.

4. A CRS scheme is about increasing recovery of materials not increasing recycling rates. To maximise recycling rates the scheme needs to ensure the highest possible quality of colour sorted glass is available for recycling. Maximising existing kerbside infrastructure to ensure glass is colour sorted will increase recycling capacity significantly, ensuring low-grade materials are not sent to landfill or sent offshore. We support a scheme design with infrastructure that optimises the recyclability of waste materials recovered and promotes investment in reprocessing infrastructure. Detail on how an increase in collected materials will be recycled is unclear, and as part of the process we look forward to further clarity around how capacity will be increased.