

Q&As – the container return scheme design project

How CRS works

1. What is a container return scheme?

A container return scheme would mean that when consumers purchase beverage containers (such as plastic, glass, and potentially others), they will be able to return those containers and receive a refund - for example, 10-20 cents each (or more). The refund helps to increase recycling rates by incentivising consumers to return and recycle their containers.

2. What are the benefits?

Overseas experience shows that by giving recyclable containers a market value, it simultaneously adds value to the recycling process and leads to significantly higher return rates for those containers. Projections estimate that return rates could increase from 45 to 58 per cent currently to as high as 80 per cent or more. In addition, container return schemes can lift the quality and saleability of materials recovered, as they are sorted and separated into material types. A CRS also allows quantities of containers recycled and volumes of different material types (e.g. plastic, glass, other materials) to be more easily tracked and monitored.

3. How will it work?

There are at least 40 container deposit schemes operating globally with each customised to the needs of each unique territory or nation. Of these schemes, some are achieving over 90 per cent recovery rates. The working group will be able to look at international models and benchmark potential approaches against what has worked well overseas. However, the project team will be singularly focused on designing a bespoke scheme that caters to the needs of New Zealand.

4. How would people return their containers and get a refund?

This will be determined through the project's co-design process. In terms of some of the systems that are used internationally, some countries use reverse vending machines, where an empty bottle that qualifies for a refund is put into a vending machine, which returns cash or a cash voucher to the consumer. These are often sited at retailers that sell the products. Other territories use drop off depots and community recycling schemes. During the co-design process, all of these options will be reviewed and assessed.

Why a CRS is needed in New Zealand

5. How many beverage containers are discarded in New Zealand each year?

Exact figures for how many beverage containers discarded each year are not currently available. However, an estimated 2 billion single-use beverage containers are sold in New Zealand every year - around half are not recycled (estimates range from 45 to 58 per cent of containers being returned).

6. What types of beverage containers will be included in the scheme?

What is in and of scope has not been determined, often schemes will include beverage containers made from plastic (usually PET and HDPE), glass, aluminium and potentially others, such as liquid paper board cartons – e.g. juice and non-dairy milk cartons.

7. How are they currently disposed of?

Current beverage containers tend to be either disposed via kerbside recycling services, bottle banks, or sent to landfill. New Zealand recycling rates for containers are relatively low when compared to countries with container return schemes.

8. What is the estimated cost – financial and environmental - of discarded beverage containers in New Zealand?

This is part of the work that will be completed over the course of the project. A cost-benefit analysis on a proposed design for a Container Return Scheme will be undertaken as one of the key project deliverables. Auckland Council's 2017 cost benefit analysis has suggested New Zealand councils could save as much as \$20.9 million per annum on kerbside collection costs alone, mainly through saving on transport costs for collection and distribution of recyclable materials. However, the 2017 analysis was built on a series of key assumptions. These assumptions will need to be verified as part of the scheme design process.

A New Zealand CRS scheme

9. How will the co-design process for the scheme work?

The project will run a co-design process involving a wide range of key stakeholders including representatives from the beverage industry, packaging industry, recycling industry (both large and smaller scale community players), councils, mana whenua and iwi, retailers, consumers, product stewardship groups, and charitable organisations. The working group will consider the latest technology and how innovation could optimise performance of the CRS and create greater investment in remanufacturing and regional development. Importantly, it will align with Te Ao Māori values and principles of Te Tiriti o Waitangi and consider climate change implications.

10. How long will it take before a CRS scheme is fully operating?

It will take approximately 12 months to complete the scheme co-design process. Cabinet would then need to make a decision about whether it wishes to proceed with development of regulations and implementation of a New Zealand CRS. It would likely take a further 18-24 months before a scheme could be implemented. Given the size of the change and the potential further infrastructure needed to support a scheme, it cannot be rushed. There are significant benefits to a scheme, but also significant change and costs. We need to understand the options fully before a decision can be made.

11. Will the CRS be operating throughout the country?

The CRS is intended to be a national scheme. Details regarding the final locations and number of return sites will need to be determined. However, a guiding principle of the design will be ease and convenience for returning containers across New Zealand.

12. Will it involve new legislation?

Unlikely as the regulations can be made under the existing powers within the Waste Minimisation Act (2008). These powers include the deposit and refund mechanism, take-back services, labelling requirements. Further, there is the ability to mandate participation within a scheme if 'priority product' has been declared for these containers.

Auckland Council and Marlborough District Council

13. Why are Marlborough District Council and Auckland Council facilitating the co-design process for the national CRS scheme?

These Councils submitted a joint application to the Waste Minimisation Fund and the project application has been successful.

14. How much will it cost to co-design a bespoke scheme for New Zealand?

The scheme co-design process will cost around \$1 million, which will be funded from the Waste Minimisation Fund. This funding will cover a range of costs including research, modelling, technical advice, and project team resources.

15. When will the CRS design proposal be completed?

The design proposal will be submitted to government in August 2020.

16. Why is the government not designing this scheme?

The government will be involved throughout the co-design process. It is important that key sector stakeholders are involved in the co-design as they will potentially carry out collection, transport, recycling and management functions if the proposed scheme design goes ahead.

A well-designed container return scheme has the potential to significantly strengthen the government's efforts to tackle waste in partnership with key stakeholders. The Government is engaging with the project applicants to ensure that the project aligns with the Government's wider policy objectives and provides the best outcomes for New Zealand.

17. What will happen once the proposal is submitted to government?

Once the CRS design proposal is submitted to government, Cabinet will need to consider the proposal and make a decision about the recommended design. Once approved, Cabinet will need to decide whether to implement the scheme through the development of new regulations. These matters will be considered independently from the decision as to whether or not beverage containers are declared priority products.

How CRS will affect kerbside collections

18. How will a CRS affect council kerbside recycling collection services?

Kerbside collections would not disappear. However, it is likely that the cost of recycling services to ratepayers would reduce and that kerbside services would become more efficient and streamlined. Further research is needed to quantify the potential benefits and cost savings.

CRS schemes also help deliver waste minimisation, increased recycling, and litter reduction, which may lead to further indirect savings for councils and ratepayers. The costs and benefits will be fully quantified as part of the project, once the proposal for the design of the scheme has been finalised by the working group.

19. Will there be any consultation on the proposed design prior to submitting to the Minister in August 2020?

Yes. Stakeholder consultation will be undertaken via the various stakeholder groups represented on the Scheme Design Working Group. Representatives on this group will be expected to keep the sector they represent well informed and provide feedback from those sub-sectors back into the co-design process, led by the Working Group.

20. What is the process for choosing representatives on the group?

A list of the key stakeholder / sector groups was identified in the application. This covers a wide range of sector groups such as beverage producers, councils, recyclers, retailers, charitable organisations, and community and consumer groups. The stakeholders / sector groups will each be approached to provide representation on the Working Group. Appointment of the representatives will then be by invitation.

CRS interested parties

21. Who would be involved in operating the CRS?

The CRS could be operated through the establishment of a product stewardship organisation (regulated or voluntary) and could have a number of parties involved in different aspects of the scheme. These details will be worked through as part of the design process.

22. Is a CRS supported by the big beverage companies?

Some industry players may support this, others will have concerns as many product stewardship schemes make the producers and consumers responsible for their packaging, and this includes the financial costs. The design process will involve representation from the beverage industry, so their concerns can be considered within that process.

23. What has been the experience with interested parties in Australia and Europe?

The co-design process will ensure that all the key stakeholder interests are represented in New Zealand's design process. Internationally, there are over 40 schemes operating and while they are generally very popular with the public, the design and operation of a scheme can differ in many ways. Even the schemes in Australia vary from states to state so it is difficult to comment on specific interests in a meaningful way.

24. How does this announcement relate to the proposed priority product consultation?

It is possible to make regulations for a CRS regardless of whether a product is declared as a priority product. For example, regulations could be made that set requirements for businesses to impose charges on a product, and to collect deposits and give refunds. Regulations could also be made that require labelling of products.

If beverage containers were declared a priority product following the consultation process, the main impact is that product stewardship schemes could only operate if they were formally accredited.

25. So why do we need to declare priority product?

Declaring a priority product creates the requirement for a product stewardship scheme to be developed and accredited for that priority product. Declaration of a priority product also triggers additional regulatory powers under the Waste Minimisation Act, through which the sale of products can be regulated to align with the scheme(s).