

Stage 1 and 2 Cost Recovery Impact Statement: Product stewardship for agrichemicals, their containers, and farm plastics

Agency Disclosure Statement

This Cost Recovery Impact Statement (CRIS) has been prepared by the Ministry for the Environment (the Ministry). It should be read in conjunction with the Regulatory Impact Statement for product stewardship for agrichemicals, their container, and farm plastics.

It provides an analysis of options to recover the cost of regulated product stewardship scheme for agrichemicals, their container, and farm plastics.

Product stewardship organisation and co-design

The delivery of the regulated product stewardship scheme for agrichemicals, their containers, and farm plastics will be managed by Agrecovery as a co-designed system between the voluntary product stewardship schemes led by Agrecovery and Plasback.

The Ministry is proposing that Agrecovery as the product stewardship organisation (PSO), will be responsible for collecting a regulated fee to recover the cost required to deliver the scheme.

The Ministry is also proposing to recover its performance monitoring costs through the regulated fee.

Cost estimates

The fees are calculated from the average costs estimated in the first seven years of the scheme, summarised in Table 2 below. The costs to the product stewardship organisation of managing the product stewardship scheme have been estimated by a codesign group.¹

The cost model assumes inflation between 1.02% - 1.04% per year (2 percent in year 2, 4 % by year 4, etc). The fee amounts are exclusive of GST. GST will apply to the product stewardship fees.

Assumptions

The fee was designed on the assumption that regulations would require producers and importers to sell in-scope products only in accordance with the accredited scheme and pay a product stewardship fee. In the co-design process, the rural sector supported this approach.

That forecast fees revenues assume slow growth over time as the volume of plastics placed on the market increases.

¹ Please refer to the RIS *Appendix 3: Co-design of the green farms product stewardship scheme* for a list of industry stakeholders involved in developing the scheme, including the proposed fees.

Gaps

The proposed regulated fee is required to cover the costs of operating the product stewardship scheme and the Ministry's performance monitoring functions. The calculations by which the fee amounts were estimated, are subject to some limitations and constraints. Please refer to limitation and constraints analysis in the Regulatory Impact Statement which outline data uncertainties on overall sales volumes and the uncertainties and assumptions for the proportion of plastic material that gets burnt or buried on farm

Dependencies

The scheme's success is dependent on:

- Successful implementation by both the Ministry and the product stewardship scheme organisation, and
- Farmers and growers utilising the take-back services provided (paid for by the regulated stewardship fee)

As the future responsible regulated scheme manager, Agrecovery has been running a voluntary scheme for twenty years. The Scheme manager will not be implementing a regulated scheme from scratch. A move from a voluntary to regulated scheme will however require a scale-up and an implementation approach for the PSO including; IT system improvements, staffing, expanded declaration and fee collection processes, a soft launch to test the systems and processes, the registration of scheme participants, and the establishment of contracts with service providers for the schemes network operations. Agrecovery has prepared for the investment needed and the proposed implementation timeframes allow for preparation.

The utilisation of the proposed take-back model, by farmers and other consumers of in-scope product, is expected to increase, but the extend remains largely unknown. Recent pilots carried out by Agrecovery in Southland and canterbury found that the typical maximum distance that farmers or other consumers of in-scope products are willing to travel to disposed of the products, is typically within the geographical distribution of proposed take-back model.

This CRIS was originally published on 15 October 2025 and was updated on 20 October 2022 following a review of the CRIS by the Ministry's review panel.



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Executive summary

The Ministry proposes to create regulations to support the product stewardship scheme for agrichemicals, their containers, and farm plastics including a product stewardship fee that will

- recover the costs incurred by the product stewardship organisation (Agrecovery) in managing the stewardship scheme, and
- recover the costs incurred by Government (the Ministry) including the cost of monitoring the performance of the stewardship scheme.

Accreditation of a product stewardship scheme is a form of endorsement by the Government (the Ministry) that the scheme has been assessed and conforms to the Waste Minimisation Act 2008 (WMA) and those specific requirements relating to the life cycle of a product and reduction in environmental harm have been met.

To accredit a product stewardship scheme, the Minister for the Environment must be satisfied that the scheme:

- meets the requirements of section 14 of the WMA,
- is likely to meet the scheme's objectives within the timeframe set in the scheme,
- is likely to promote waste minimisation or reduce the environmental harm from disposing of the product without causing greater environmental harm throughout the life cycle of the product,
- is consistent with New Zealand's international obligations; and
- is consistent with any guidelines published under section 12 (if the scheme relates to a priority product).

As part of the scheme accreditation process, Agrecovery calculated a fee rate for each product category (see table 1).

Sections 20(b) and 22(1)(e) of the WMA enable government to create a regulatory charge to recover the costs of monitoring the performance of the accredited scheme. These costs will ultimately be recovered from the consumer through the stewardship fee. These costs are up to 1 FTE and contained in the "performance monitoring" line of Table 2 below.

Status quo

Agrecovery and Plasback run voluntary product stewardship schemes for recovery and recycling, or safe disposal of agrichemicals, and their containers, and some farm plastics.

We understand that use of plastics on farms is likely to continue to increase over time. In part, this is driven by changing feed systems, as farmers seek to maintain high levels of production and to buffer against the increased intensity of drought and flooding across New Zealand.² We expect there to be continued and growing market expectations for sustainable farming practices, including recycling of farm plastics.

Without intervention of some sort, we do not expect substantial changes to current disposal practices for agrichemicals and their containers and some farm plastics (ie a mixture of disposal to landfill, burning, burying, and some participation in voluntary schemes). As such, we expect the harmful impacts of inappropriate disposal practices will continue.

² <https://environment.govt.nz/publications/our-environment-2025/atmosphere-and-climate/>

The current voluntary product stewardship schemes run by Agrecovery and Plasback are financed through fees and payments using the following models:

- Agrecovery receives payment of voluntary fees from participating producers of agrichemicals, and more recently, small plastic packaging.
- Plasback receives payment from farmers for collection services of farm plastics. Plasback's services are also subsidised by its parent company TAMA, who are a large bale wrap producer (i.e. Plasback currently operates at a loss).

The proposal is to create a new regulated fee for a co-designed product stewardship scheme for agrichemicals, their containers, and farm plastics. The proposed fee would be paid by those responsible for placing the final in-scope products on the New Zealand market. Responsible parties will mostly be producers and importers but may also be a distributors and retailers, depending on the nature of supply chains.

The product stewardship fee would fund the take-back service, therefore the farmer will incur no cost for disposing of in-scope products. Ultimately, the fee would likely be passed on to consumers through the sale price of the in-scope products. Since the proposed fees are relatively low proportion of product cost, the cost impact on consumers is expected to be low.

Please see section 1 of the Regulatory Impact Statement Agrichemicals, their containers, and farm plastics, which sets out the current situation in more detail.

Cost Recovery Principles and Objectives³

Principles from section 8 of the Waste Minimisation Act 2008 (WMA):

- **Product stewardship** - the people and organisations involved in the life of a product share responsibility for ensuring there is effective reduction, reuse, recycling, or recovery of the product; and for managing any environmental harm arising from the product when it becomes waste

Principles from the Treasury's *Guidelines for Setting Charges in the Public Sector*.⁴

- **Transparency** – costs are transparent
- **Justifiability** – costs can reasonably be attributed to the delivery of the service
- **Efficiency** – net benefits are maximised

Objectives from the Treasury's *Guidelines for Setting Charges in the Public Sector*.⁵

- **Equity** – costs are distributed equitably between fee-payers as far as is practicable

³ A principle is a general rule that should be used to guide cost recovery design, a feasible option must meet the stated principles. An objective is more of a goal that a specific cost recovery proposal should meet, the recommended option does not need to meet all of the objectives.

⁴ The Treasury New Zealand, 2017, Guidelines for Setting Charges in the Public Sector
<https://www.treasury.govt.nz/publications/guide/guidelines-setting-charges-public-sector>

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Policy Rationale: Why a user charge? And what type is most appropriate?

There are ongoing but avoidable practises for disposing of agrichemicals, their containers, and farm plastics, such as on-farm burning, burial or indefinite storage in some rural areas. This in turn risks harming the environment and our health, and losing recyclable materials. Not all farmers have access to take-back and recycling services for these products.

Since 2006, two voluntary product stewardship schemes run by Agrecovery and Plasback have offered take-back services for agrichemicals and their containers, and some farm plastics. Both schemes have made steady progress in reducing waste (see RIS, Appendix 1 and 2), but engagement by producers and farmers has plateaued (see RIS, paragraph 20), and some parts of the country remain poorly served as voluntary schemes do not have the scale to provide full national coverage services.

The implementation of a regulated products stewardship fee would:

- ensure that those responsible for placing the in-scope products on the market contribute to the cost of managing them when they become waste.
- Significantly reduce free-riding⁶ on the scheme's take-back options by those not contributing towards the waste solutions.
- ensure that there are enough resources for taking back and managing the waste products.

Part 2 of the Waste Minimisation Act 2008 (WMA) contains legislative provisions to support product stewardship, including a fee-making power. Part 2 is designed so that the government can create regulations that ensure that people and organisations involved in the life of a product share responsibility for ensuring there is effective reduction, reuse, recycling, or recovery of the product; and for managing any environmental harm arising from the product when it becomes waste.

Product stewardship fee

Section 23(1)(d) of the WMA contains the power to set a fee for the management of a product. The Ministry proposes that the Government sets a fee under this provision for the management of agrichemicals, their containers, and farm plastics. In line with the principle of product stewardship, we are proposing full cost recovery. This would cover the costs of operating the scheme network. See tables 1 to 5 for a breakdown of costs involved.

⁶ Free-riders in this context include companies and brands that do not contribute towards the voluntary schemes and either directly or indirectly benefit from voluntary scheme recycling operations. Free-rider benefits include that their products do not include voluntary stewardship fee costs and are therefore cheaper, that their post-sale/consumer products may be recycled at the expense of others who contribute voluntarily; and through service provision of recycling services as a whole, which enables free-riding brands to market their products as recyclable when they do not contribute to the recycling service which is not viable without industry funding support.

How the fee will be collected

The product stewardship fee will be collected by the scheme manager (Agrecovery) through a self-declaration process. The scheme manager's compliance regime will verify these self-declarations to ensure fee-payer integrity and that scheme equity is maintained.

The scheme manager will assume responsibility for notifying those responsible for in-scope products to register for the scheme and declare the type and amount of product they have sold, on a quarterly basis. This model is a higher trust approach that devolves responsibility to Agrecovery as the scheme manager, requiring co-ordination between parties, including the Ministry, the scheme manager, and those responsible for the in-scope products (producers, importers, etc.). This has worked well for products like agrichemical containers and drums management, and small plastic bags under Agrecovery's voluntary schemes. This method is considered to be the most effective and efficient (low cost) fee collection mechanism to initially implement.

The party making the declaration would then be invoiced a fee based on their declared product types and quantities. Self-declaration has been proposed as the method of fee collection.

Charge for recovering the Government's scheme performance and monitoring costs

Section 20 of the WMA states that the Secretary may recover the costs of monitoring the performance of an accredited product stewardship scheme from the scheme manager, on behalf of the accredited scheme. Section 22(1)(e) of the WMA contains the power to prescribe charges payable to the Secretary for the monitoring of an accredited product stewardship scheme. The Ministry proposes that the government sets a charge to recover the cost of monitoring the performance of the scheme.

These costs will be recovered through payment of the regulated fee collected by Agrecovery as the scheme manager. The Ministry will then recover a percentage of the fee revenue that corresponds to the cost of monitoring the performance of the scheme from the scheme managing agency. The Ministry's scheme performance monitoring costs are likely to be up to 1 FTE per annum (see Table 3)⁷.

The level of the proposed fee and its cost components (cost recovery model)

The proposed charge levels for the products stewardship fee differ by product type and are outlined in Table 1.

⁷ The Ministry's compliance costs will be met from the Ministry's baseline as needed.

Table 1: Proposed stewardship fee rates for agrichemicals and farm plastics

Category	Product	Fee rate (\$)
Agrichemicals and their containers	Packaging part of fee	Per litre
	Containers up to 60 litres	0.10
	Containers over 60 litres, and less than Intermediate Bulk Containers (IBC)	0.025
	IBC (approx. 1,000 litres)	0.02
	Chemical part of fee	Per litre
	Group 1 – chemicals unlikely to be brought for disposal (the consumer typically uses them up)	0.01
	Group 2 – chemicals with lowest disposal cost	0.03
	Group 3 – chemicals with higher disposal cost	
	• In containers up to 60 litres	0.04
	• In containers of 60 litres or more	0.06
	Household pest and weed control products	
	Cost per container	0.10
	Group 1 - Chemicals unlikely to be brought for disposal (per kilogram or litre)	0.02
	Group 2 - Chemicals with lowest disposal cost (per kilogram or litre)	0.08
	Group 3 - Chemicals with higher disposal cost (per kilogram or litre)	0.10
Farm plastics	Bale wrap and silage sheet	Per tonne
	Bale wrap	462.02 ⁸
	Silage sheet	462.02
	Bags	Per bag
	Small bags	0.20
	Large bags	3.58

Fee rates based on market placement estimates generate the following fees revenues, to which the scheme's estimated annual expenses are aligned (see tables 2 and 3 below).

⁸ Plasback estimates that a tonne would typically include about 40 rolls of stretch film, and each roll would conservatively make about 22 large bales. The cost per bale would therefore be about \$0.52.

Table 2: Estimated fee revenues by product type

Estimated fee revenues by product type	Year 1 (\$m)	Year 3 (\$m)	Year 7 (\$m)
Agrichemicals and their containers	9(2)(b)(ii)	9(2)(b)(ii)	9(2)(b)(ii)
Bale wrap and silage sheet	9(2)(b)(ii)	9(2)(b)(ii)	9(2)(b)(ii)
Small bags	9(2)(b)(ii)	9(2)(b)(ii)	9(2)(b)(ii)
Large bags and containers	9(2)(b)(ii)	9(2)(b)(ii)	9(2)(b)(ii)
Household pest and weeds	9(2)(b)(ii)	9(2)(b)(ii)	9(2)(b)(ii)
Total	9(2)(b)(ii)	9(2)(b)(ii)	9(2)(b)(ii)

The main growth drivers in estimated fee revenues includes inflation, increases in product volumes managed by the scheme, growth in the extent of network operations (i.e. increased service levels) and transport costs.

The main cost drivers of the scheme manager costs include office and professional services, staff, collections network, processing, transport, other logistical product management costs, and Ministry scheme performance monitoring. The estimated cost for the first year of the scheme is outlined in Table 3.

Table 3: [COMMERCIAL IN-CONFIDENCE]**Total estimated expenses for the scheme for year 1**

Scheme Expense Type	Estimated Costs (\$M)
Staff expenses across four product categories	9(2)(b)(ii)
Network costs, hubs/drop off & infrastructure (see breakdown in table 4 below)	9(2)(b)(ii)
Office and professional fees	9(2)(b)(ii)
Ministry scheme performance monitoring	\$0.22 ⁹
Specific household pest and weed management considerations	9(2)(b)(ii)
Total	9(2)(b)(ii)

Network costs in Table 3 also include contingency, as these operational costs are the most likely source of variances e.g. fuel price changes, etc. The network costs are broken down in more detail in Table 4.

⁹ The Ministry's scheme performance monitoring costs are likely to be up to 1 FTE per annum, including overheads.

Table 4: Breakdown of the network operational costs (year 1)

Break Down	Cost (\$)
Collection Costs	9(2)(b)(ii)
Collection Site Management and Maintenance	9(2)(b)(ii)
Contract & Cost Sharing ¹⁰	9(2)(b)(ii)
Merchant collection sites	9(2)(b)(ii)
Sub total	9(2)(b)(ii)
Recovery Hub Costs	9(2)(b)(ii)
Transport	9(2)(b)(ii)
Sub total	9(2)(b)(ii)
Travel & Meetings	9(2)(b)(ii)
Governance Expenses	9(2)(b)(ii)
Marketing & Comms	9(2)(b)(ii)
Reference Group	9(2)(b)(ii)
Asset Replacement	9(2)(b)(ii)
Agrichemical scheme transition Costs	9(2)(b)(ii)
Contingency	9(2)(b)(ii)
Disposal costs for residual chemicals	9(2)(b)(ii)
Household pest and weed costs ¹²	9(2)(b)(ii)
TOTAL	9(2)(b)(ii)
TOTAL of all expenses	9(2)(b)(ii)

Table 5 details the PSOs non-network operational costs.

¹⁰ Cost sharing refers to co-location arrangements, where costs may be shared between the scheme and other parties (reducing costs for the scheme)

9(2)(b)(ii)

¹²

9(2)(b)(ii)

Table 5: Break down of the PSO 's organisational operational costs for year 1

Expense type	Cost (\$)
Office Expenses and Professional Fees	9(2)(b)(ii)
MfE scheme performance monitoring	220,000
Staff Expenses	9(2)(b)(ii)
TOTAL	9(2)(b)(ii)

As noted in the assumptions, forecast fee revenues assume slow growth over time as the volume of plastics placed on the market increases. Should fee revenues decrease, this would most likely mean less plastic is being placed on the market. This risk to the scheme can be managed through adapting operational costs to the volume being managed, such as adjusting the duration of collection systems/times for temporary drop-off sites; and stockpiling/prioritising residual agrichemicals for destruction.

Impact analysis

The impacts of the regulated scheme will largely fall on New Zealand's agricultural sector including farmers and growers, and the suppliers of products and services to the sector. If a regulated scheme is advanced, key stakeholder groups affected include:

Consumers of regulated products (farmers, growers, and for household pest and weed products, households) may see small price increases on in-scope products where the company/brand is not already participating and passing those costs on through a voluntary scheme.

Producers/importers of regulated products will be obligated to pay regulated fees proportional to their sales declarations and market share (see expected fee revenue table by product type in Table 2). The impacts will vary by product type, however many large brands are already participating in voluntary schemes.

The scheme manager's obligations include providing a service in line with the scheme's accreditation. This will require upscaling of Agrecovery's existing voluntary services and operations model to a full regulated national scheme. This includes oversight and management of collection services currently managed through Plasback. Plasback will continue as a service provider (contractor) to the accredited scheme.

Rural sector retailers are already voluntarily participating in the scheme as part of the take-back network. This is largely seen as beneficial by these retailers, because their customers are calling for better 'one-stop-shop' solutions which these retailers are already voluntarily supplying.

General retailers such as Bunnings, Mitre 10, The Warehouse Group and garden centres which sell household pest and weed products in plastic containers may see small price increases if fees are passed through on in-scope products.¹³ This would largely only affect

¹³ Key brands like Bayer and 9(2)(b)(ii) are in support of the regulated scheme.

household pest and weed products and a few “larger” small bagged products such as chicken feed in plastic bags 16kg and over.

Existing voluntary scheme arrangements may also change and impact on service providers such as collections contractors which feed into the current Plasback scheme. However, as a result of a different approach to logistics, these changes are likely to deliver significant cost savings for farmers and growers on the cost per tonne of material managed.

The recent Southland trial highlighted the on-farm collection model costs ~\$420/T managed, whereas the drop off model cost ~\$225/T managed. Further, independent collection contractors may still bid for collections contract work from the new scheme and offer ‘premium’ user-pays collections from the farm gate, as they do today. This approach ensures that collection services are cost effective (procurement-led) and provide equal opportunities.

The cost impacts of the scheme will fall on rural sector consumers, in a way that is largely proportional to their use of the regulated products. 9(2)(b)(ii)

Please see the full impact analysis for the agrichemicals, their containers, and farm plastics product stewardship scheme in the Regulatory Impact Statement.

Consultation

From 31 March to 1 June 2025, the Ministry consulted on proposed product stewardship regulations under the WMA for agrichemicals, their container, and farm plastics.

The Ministry consulted on the proposed fees amounts for to each product category. Over 80 percent of submitters who answered this question supported the proposed fee amounts over all four product categories. The proposed fees have not changed following consultation.

The Ministry also consulted on the proposal that a small part of the stewardship fee revenue would be transferred by the scheme manager to the Ministry to cover the cost of monitoring the scheme’s performance. Of those submitters who answered this question 68 percent supported this proposal.

Please see table 2 of the Regulatory Impact Statement for further details on the Ministry’s consultation.

Conclusions and recommendations

The Ministry recommends that:

1. The product stewardship fee for the agrichemicals, their containers, and farm plastics should be charged as outlined in Table 1.
2. The fee should be paid by those first responsible for placing the in-scope product on the market, through quarterly self-declaration of the quantities imported or sold.
3. Agrecovery be responsible for the collection of the regulated fee which will fund the accredited scheme including their own scheme expenses and the portion required by Government to monitor the performance of the scheme.

Implementation plan

A detailed implementation plan has not yet been developed. This risk is noted here for transparency but is assessed as low and can be managed through development of an operational plan prior to the regulations coming into force (as was the approach for the now regulated Tyrewise scheme). The plan would require review and approval by the Ministry ahead of a finalised scheme delivery deed¹⁴.

Pilot studies have been completed in Southland and Hurunui to test the core operational aspects of the scheme. Both pilots clearly demonstrated that the accredited scheme as currently designed is workable, cost effective, efficient, flexible and sustainable. The two pilots received good support from the local farming community.¹⁵

Please see section 3 of the full Regulatory Impact Statement for the implementation plan which notes that, following a decision to regulate, a detailed implementation plan will be developed by the scheme manager.

Monitoring and evaluation

Accredited schemes must provide the Ministry data on scheme performance as a condition of accreditation. For example, they must report to the Ministry on an annual basis on achievement of targets. The Ministry will use this data to evaluate the efficacy of the scheme and the appropriateness of the regulated fee.

The Ministry proposes setting regulations under section 23(1)(d) & (i) of the WMA to require the product stewardship organisation and scheme participants to provide information to the Ministry.

Please see section 3 of the full Regulatory Impact Statement for how the scheme will be monitored and evaluated.

Review

It is recommended that the agrichemicals, their containers, and farm plastics stewardship fee and the performance monitoring charge are reviewed every three years at a minimum, in line with Treasury's *Guidelines for Setting Charges in the Public Sector*. It is also recommended that government should initiate a review if there is a material change in service delivery costs from those which are forecast, or a material change in market conditions, or if the accumulated surplus or deficit of the regulated scheme is trending away from zero. See section 6.7 "Reviews of cost recovery regimes" in the Treasury's '*Guidelines for Setting Charges in the Public Sector*' for more information.

¹⁴ The 'scheme delivery deed' is an agreement between the Ministry for the Environment and the product stewardship organisation that outlines key obligations for both parties including procedural and operational requirements.

¹⁵ Agrecovery. 2025. Green-farms products stewardship scheme: Report on the findings from the Southland and Hurunui Green-farms Product Stewardship Scheme Pilots.(Note this is unpublished as of 10 October 2025).