

Consultation on Introducing a Deposit Return Scheme in England, Wales and Northern Ireland

Comments by

Northern Ireland Environment Link

12th May 2019

Northern Ireland Environment Link (NIEL) is the networking and forum body for non-statutory organisations concerned with the environment of Northern Ireland. Its 65 Full Members represent over 100,000 individuals, 262 subsidiary groups, have an annual turnover of £70 million and manage over 314,000 acres of land. Members are involved in environmental issues of all types and at all levels from the local community to the global environment. NIEL brings together a wide range of knowledge, experience and expertise which can be used to help develop policy, practice and implementation across a wide range of environmental fields.

These comments are made on behalf of Members, but some members may be providing independent comments as well. If you would like to discuss these comments further we would be happy to do so.

Northern Ireland Environment Link
89 Loopland Drive
Belfast, BT6 9DW
P: 028 9045 5770
E: jonathan@nienvironmentlink.org
W: www.nienvironmentlink.org

Northern Ireland Environment Link is a Company limited by guarantee NI034988 and registered with The Charity Commission for Northern Ireland NIC10107

NIEL welcomes the opportunity to respond to the government's proposals to introduce a deposit return scheme. We would first draw attention to the Executive Summary prepared by UK Environment Links in response to the current consultations.

EXECUTIVE SUMMARY

The Government's recent declaration of a climate emergency and the Committee on Climate Change's new 'Net Zero' report show that the tide is turning, with major environmental crises no longer being ignored at the highest level. If the Government is to fulfil the promise of these welcome steps, it must focus on addressing major environmental problems at root. In the case of the single-use packaging crisis, we must build a system focused on packaging waste prevention, with a wholesale transition to re-usable alternatives and closed-loop recycling.

The environment sector welcomes the long overdue and timely attention to resources, and the opportunity to address the shortcomings of a packaging system regarded as inefficient at best and broken at worst. We welcome the Government's recognition that a major overhaul is needed and plans to properly embed concepts such as the polluter pays principle and extended producer responsibility in UK packaging legislation.

At the same time, we believe improvements are still needed. It remains unclear how the warm words on waste minimisation and resource efficiency in the Resources and Waste strategy will translate into action on the ground. Questions remain about whether the consultations' proposals will add up to a coherent, sustainable system.

In examining the four consultations¹, we have noticed several recurring shortcomings. These are:

- **Reduction is too often ignored:** We cannot recycle our way out of the current packaging crisis, which requires a reduction-led strategy to phase out all non-essential, single-use packaging and a transition to a refillable, reusable society. We believe the government must do much more to first prevent waste generation and reduce harm, as dictated by the waste hierarchy. An obvious place to start would be to set legally binding reduction targets.
- **It's not just about plastic:** All materials have environmental consequences and we need to revolutionise the packaging system as a whole rather than focusing on substituting one single-use material for another. We believe, for example, that the implementation of a tax on plastic, rather than all materials, could lead to perverse shifts to avoid the tax, with negative environmental consequences. Likewise, a Deposit Return Scheme (DRS) should include all materials to prevent all forms of litter and ensure all drinks containers are properly collected so material can be used again.
- **Government policy must address the unchecked introduction of non-conventional plastics:** We are particularly concerned that the reforms should not prevent like-for-like substitutions

¹ As well as this consultation on Extended Producer Responsibility, the UK Government is consulting on a tax on plastic packaging, a Deposit Return Scheme (for England and Wales) and consistency in household and business recycling collection (for England).

with biodegradable, bio-based and compostable plastics. These plastics do not solve the problems associated with pollution in marine, terrestrial and aquatic environments, and we should not be searching to create material that is safe to litter. Their rise could justify greater use of single-use plastic packaging and so detract from the need to reduce, while also complicating existing collection and recycling systems.

- **All the Governments and Government departments must work together:** There is inconsistency across UK Governments and Government departments that is proving extremely unhelpful and could risk the effectiveness of all proposed schemes. For example, given the current political context and lack of legislative mechanisms, the plastic packaging tax must extend to Northern Ireland or risk it becoming a dumping ground for the industry to sell off remaining stocks of plastic products. Any DRS in England, Wales and Northern Ireland must also match the criteria and timelines of the Scottish scheme. In England specifically, we are concerned that the Department for Business, Energy and Industrial Strategy (BEIS) has been promoting bio-based and compostable plastics as a solution to the marine plastic crisis, at the same time as Defra's consultations suggest they should be avoided. Unlike other recent government strategies in England, including the Clean Growth Strategy and the Industrial Strategy, the foreword for the Resources and Waste strategy was from the Environment Secretary, and not the Prime Minister. We worry that this signals a lack of buy in from other departments to some of the contents of the strategy and resulting consultations.
- **Behaviour change is not guaranteed:** The overhauls rightly aim to fairly and effectively distribute responsibility, but there is little to encourage people to do the right thing, apart from through the proposed DRS. Charging for single-use cups, for instance, which is being explored in Scotland, is still disappointingly absent in the rest of the UK, and the extended producer responsibility (EPR) reforms will see producers paying to landfill recyclable waste if people choose not to recycle it. This is clearly a shortcoming, and indicates the need to reopen the discussions on variable charging. This is a common feature in many societies with low waste generation and high recycling. Consulting on this now is the best way to lay the groundwork for introduction once all citizens have access to high quality, consistent services.

Introduction

We strongly support the implementation of a deposit return scheme in Northern Ireland. A DRS is essential to deliver the necessary behavioural change to tackle litter and increase recycling. Despite the absence of Ministers, mechanisms should be sought to deliver this scheme in NI to ensure that Standards in NI do not differ from those in the rest of the UK.

Recycling rates across NI Councils currently vary between 42% and 54%, with an average of 48.1% (Nov 2018). The choice of deposit return system must make a significant improvement towards national recycling targets, a zero waste culture and circular economy ambitions. Any proposal for a deposit return system should complement existing kerbside recycling systems, in order to ensure the most efficient approach to achieving national ambitions. Therefore, the scheme must be designed in collaboration with local councils to ensure alignment with, and tailoring of, existing waste services.

Summary points:

- We welcome any scheme that is intended to increase recycling rates, reduce littering and contribute to a circular economy. Given that a recycling system already operates for some of the items proposed for inclusion in the DRS, it is important to ensure that the scheme complements and enhances the existing systems. There is little point in creating a system that duplicates existing kerb side recycling, unless it can be shown to 'add value' through behaviour change to enhance recycling and reduce littering.
- Therefore, the deposit level should be at least 15-20p, and should be reviewed according to future inflation and return rates. A lower deposit will not have the desired effect of reducing littering and as such would undermine the intentions of the scheme.
- The Producer Fee should vary to ensure that less sustainable and harder to recycle items incur a higher fee.
- A not-for-profit company or social enterprise, supervised by a Board run by the NI government, would be the most appropriate operational arrangement.
- Revenue generation should not undermine efforts to reduce unnecessary packaging in the first place and support the development of more recyclable materials/items.
- In line with the waste hierarchy, the government's approach should ambitiously incentivize businesses to introduce innovative, packaging-free product delivery solutions, to reduce the production and use of packaging.
- Customer convenience is a key factor in determining the success of a DRS system. We therefore, support the provision of return points within retail outlets, as well as other public amenity areas with high footfall.

Materials in Scope

As wide a range of materials as possible should be included in the scheme in order to reduce littering and increase the quantity and quality of materials for recycling. If the Scheme does not include a comprehensive range of materials there is a risk that producers will switch to materials not covered by the scheme, thereby by-passing the scheme.

At a minimum, the scheme should include PET bottles, HDPE bottles, aluminium cans, steel cans and glass bottles. Glass bottles should be prioritised for refilling.

While most tetrapak cartons are likely to be captured through kerb side recycling, it would still be worth inclusion in the Scheme to improve recycling rates for this item.

Since the government decision not to introduce a levy on disposable cups, the intended progress has not been made to address this problem. In a circular economy, there is no place for a single-use cup, and ultimately the Government's aim should be for a complete phase out of single-use cups in the form of a ban on the sale of single-use cups in the UK. In the short term, Government should introduce a charge for single-use cups at the point of sale to encourage reduction in their use, with application across all cups with plastic linings and not just exclusively applicable to cups designed for hot drinks. This includes single-use cups that are classified as 'biodegradable', 'oxodegradable' or 'bioplastic'. These materials should be treated in the same way as any traditional polymer plastic, especially as they cannot be closed loop recycled so in many ways are worse than traditional plastics.

It is important that revenue generation does not undermine efforts to reduce unnecessary packaging in the first place and support the development of more recyclable materials/items. A packaging-free/reusable product delivery system should be developed as quickly and effectively as possible.

'Bioplastics' should not be viewed as a panacea, as they don't prevent pollution/littering and can have unintended land use implications.

Pouches and sachets are an extremely damaging material due to being made up of composite materials that are difficult to recycle and cannot be recycled closed-loop. Due to their light-weight and generally small size they are also likely, if littered, to be blown into hard to reach places such as waterways, drains, bushes and fields where they will cause well-documented harm to wildlife and leak harmful chemicals into the soil and water.

It is crucial to include all materials within the scope of a DRS, particularly the harder to recycle and more environmentally harmful materials such as pouches and sachets. Modulated producer fees, can ensure that these harmful materials are only used where essential for the product's shelf life and help stimulate innovation towards alternatives that can be closed-loop recycled.

If the UK government decides to exclude cartons, pouches and sachets from its DRS, it must make sure that the full net costs of these products are covered through the proposed EPR reforms, with a view to discouraging their use as a packaging choice by manufacturers.

Material and Financial Flows

The material flow follows best practice in other effective deposit systems.

We would also like to see concrete proposals for how to ensure the majority of these valuable materials are recycled within the UK. The deposit system will deliver a reliable high volume, high quality flow of materials, which in turn should attract investment in improved and additional recycling facilities across each home nation.

In Norway, the steady flow of PET to the main sorting centre has meant that Infinitem, the system operator, has invested in a PET recycling plant right next to it, allowing the materials to be recycled without any further CO2 emissions from transport.

Such investment in home-based infrastructure makes the system more efficient, creates jobs, reduces carbon emissions and provides greater accountability that materials are actually recycled to the right standard. In addition, it is easier to audit whether the social and employment standards of the industries involved match our own standards.

Overlap with the Packaging PRS

As a DRS scheme can be seen as a form of producer responsibility, we do not see a need to 'double-charge' producers. However, this is subject to the following conditions being met:

- Any drinks containers that are excluded from DRS are subject to modulated producers fees to drive reuse and recyclability
- Any packaging used in the delivery of these drinks containers to consumers that is not included in a DRS is subject to modulated fees that disincentivize their use, for example, packaging around multi-packs.
- Funds raised by a DRS through unreclaimed deposits are required to fund system improvements and increase return rates, so as to prevent producers profiting from an inefficient system
- The deposit management organisation (DMO) in a DRS is subject to meeting legally binding targets on return, recycling and reuse rates

Deposit Management Organisation

It is reasonable for the DMO to be responsible for meeting high collection and recycling targets set by government and we are content for unredeemed deposits to be used to part-fund the costs of the DMO. Unredeemed deposits should remain within the system, on the condition that stringent collection and recycling targets are set to ensure there is no perverse incentive for the DMO to design and operate an inefficient system that is difficult for consumers to use; this could reduce the number of returns made, increasing the number of unredeemed deposits and in turn reducing the amount producers are required to pay in fees.

Unredeemed deposits could be distributed through community groups and NGOs to deliver social and environmental good. This could include funding for awareness raising campaigns to drive change, reduce unnecessary consumption, tackle littering and provide funding for research and innovation to improve manufacturing processes and product design. However, diverting unredeemed deposits to environmental or similar purposes has the potential for outside organisations to effectively benefit from a lower return rate. A better option for supporting environmental causes is through donation options at the point of return. For example, charities could benefit from DRS when people choose to donate their deposit, or third sector/community groups act as return points.

Given that Councils rely on revenue streams associated with recyclates, it is necessary to consider the effects of a reduction in this revenue stream. For example, Councils in Northern Ireland

currently spend more than £43m p.a. on clear up of litter and illegal dumping activity. A loss in revenue streams from recycle may result in a reduction in Council led efforts to clean up litter and reduce litter through awareness raising. This potential cost-benefit requires further analysis.

Given the experience of illegal waste disposal in Northern Ireland, it would be inappropriate for the system to be operated by a private contractor. If the Scheme is not operated by government, there is a potential to blur the lines of responsibility and accountability. Ultimately, government should be responsible for the Scheme but it should be delivered in partnership with others.

A not-for-profit company or social enterprise, supervised by a Board run by the NI government, would be the most appropriate arrangement to ensure control over the environmental and social ambitions of the scheme. Furthermore, the biggest financial contributors to the scheme will be citizens, 'paying' for the scheme through unrecovered deposits.

Relevant NGOs and charitable organisations should also be represented on the management board to input expertise and ensure that the social, environmental and community benefits of the scheme are being realised.

The DMO's role should include the following:

- Advising government on setting deposit levels, with government setting the actual level
- Setting producer/importer fees
- Tracking deposits and financial flow and ensuring those running the return points are paid the deposits they refund to customers.
- Set and distribute handling fees for return points
- Ensuring appropriate returns provisions for drinks containers in place
- Maintaining reverse vending machines and provision of containers for manual return points.
- Own the material returned by customers
- Reimburse those transporting returned drinks containers
- Fund counting/sorting centres
- Be legally responsible for high collection targets set by government for containers within the DRS
- Measure and report recycling rates to government
- Run communications campaigns to aid understanding of the DRS.
- Development of an app to allow consumers to locate the nearest return vending machines

Set up Costs and Operational Costs

The cost of creating the DMO and co-ordinating the set-up of the DRS should be borne by the producers. However, given that there will be significant capital outlay in advance of 'production' and commencement of the scheme, close engagement with producers will be required.

In line with the principle of full net cost recovery it is appropriate for producers and importers to be responsible for funding the collection, transport, sorting and treatment of packaging waste.

Retailers/returns Provisions

Convenience is a key factor in determining the success of the DRS system. We therefore support the provision of return points in areas of high footfall. Confining return points to retailers might predominantly attract householders returning items in bulk (which would otherwise have been captured by kerb side recycling); the scheme needs to capture the single items that could be littered 'on the go'. Return stations could be installed in areas identified as littering hot spots.

The default position should be a requirement for all retailers to take part and accept materials they sell with the provision of an opt-out, based on floor size. For example, in Estonia, retailers above 200m² are all included, shops below 50m² can opt out, and shops between the 50 and 200m² must seek local authority approval to opt out.

Online retailers should be obligated to collect and refund DRS material. Customers should be provided with a bag for collecting DRS materials. This can be sealed and tagged with a customer specific barcode, that can be returned to the delivery person during their next online delivery, with deposits being credited to the customer electronically. This system will also help those with mobility or access issues.

On-Trade Sales

Bars and restaurants tend to sell containers for consumption on-site. Therefore, on-trade sales should not present as significant a littering and recycling issue. However, a DRS could help bars, restaurants and hotels achieve higher recycling rates.

The Deposit

Modelling suggests 10p would be too low to achieve desirable return rates, but we believe that 15p or 20p would be adequate to incentivise return, but not too burdensome on consumers. We believe, above all, that the level should be easily reconsidered in light of inflation or missed return rate targets.

A common deposit level for all containers would be preferable as variable deposits would add confusion. Instead, the producer responsibility fee can be varied to reflect the different level of value recovered from different types of containers, as well as the variable cost of recovery. We see no clear reason for varying deposit levels for containers in a multipack.

Redeeming deposits through vouchers and digital transfer would be preferable for reducing security/theft risks, particularly for return points situated outside of a large retail outlets. However, this may exclude certain sections of society who predominately use cash. We would suggest piloting cash and non-cash based return points and seeking customer feedback to inform installation of future return points. There are also potential security and cash flow considerations for small retailers holding cash on site.

The DMO should have accurate, publically-available data on how many drinks containers are being placed on the UK market, as well as data on how many of those are being returned via the DRS. If this data shows that the DRS is not achieving the return rates that it needs in order to meet the high collection targets set by government, it should be able to advise the government that the deposit level should be raised as a way of increasing return rates. As with all economic incentives, they should be able to be fluid and respond to the situation they are designed to improve, rather than being set in legislation.

The Government should be able to veto the increase with good reason, such as if the deposit level risks being raised to a level that may inadvertently incentivise fraud.

Data Recording, Monitoring and Enforcement

Accurate data recording and evidence that containers have been recycled is essential to preventing fraud and ensuring the intentions of the scheme are being fully delivered. All reporting and data should be available for public scrutiny and should be independently audited.

Northern Ireland does not have an independent environmental protection agency unlike other parts of the UK. NI has also experienced particular challenges around environmental governance and regulation. The challenges are typified by the uncovering of extensive illegal landfilling and criminal waste disposal practices. Brexit may present an opportunity for a new environmental watchdog in NI which would be the preferable option for regulating and scrutinising the DMO. In the meantime, this function should fall within the remit of the NIEA.

In order to prevent fraud it is important that the deposit rates are consistent across regions. Region specific bar codes, security marks and scanning could help minimise fraud risks. NI could be more susceptible to cross-border criminality due to the land border with the Republic of Ireland.

'On the Go' versus 'All In'

We would like to see a truly 'all-in' system, that includes HDPE, cartons and pouches, alongside glass, aluminium and PET.

An all-in system is the best option for the environment, as it reduces more litter, improves recycling rates and improves the quality of a far larger volume of materials, alongside having the greatest impact on reducing carbon. A truly all-in system is also necessary to avoid market distortion.

An all-in system is also the best option in economic terms, as the higher volume of materials going through the DRS means it's financially more viable, alongside creating job opportunities in an expanded, UK-based recycling sector.

'On-the-go' is a fabricated description of products that no-one in retail had used prior to their efforts to limit a deposit return system. System operators from other countries often explain how arbitrary size restrictions limit the impact, efficiencies and effectiveness of deposit systems and provide loopholes for producers. Furthermore, an intended aim of the deposit system is to reduce littering of drinks containers, so restricting the system does not make sense, particularly when litter picks, such as CPRE's Green Clean, repeatedly show that all sizes of drinks containers are found.²

Currently, recycling facilities outside the home are poor but this does not create a need for an arbitrary size distinction for drinks that are classified as being consumed 'on-the-go'. All sizes are littered. People consume smaller drinks at home and larger drinks out of the home, especially in summer.

It would be a missed opportunity to not include all sizes and would receive continued pressure from the public and environmental groups for the system to be extended.

In the Netherlands, they have a deposit system limited to certain sizes. though there they have targeted larger containers over 750ml. Research on this system has shown there would be a significant net gain and litter reductions if it was extended to an 'all-in' system. There is continuing public pressure there for this to happen.

Should the system in England, Wales and Northern Ireland be limited based on arbitrary size categories this would not have the greatest impact possible on littering and it would also be subject to continued pressure from the public and NGOs to expand the system to include all sizes.

We support the Scottish Government's position that its deposit system will include all sizes of drinks containers. It is clear from the analysis of the Scottish Government's consultation and the decision to not pursue an 'on-the go' DRS, that this model is not a popular proposition. 88% of respondents to the Scottish consultation said 'no' when asked whether Scotland's system should be limited to 'on the go'.³

It may be necessary to exclude very large containers, such as beer kegs and water coolers if there are practical difficulties around their suitability for return vending machines. If the 'all in' option is chosen, it will be necessary to compensate local authorities for the loss of revenue from kerbside collections, to ensure that Councils still retain resource to clean up litter and undertake education/awareness raising.

² <https://www.cpre.org.uk/magazine/out-and-about/item/5000-green-clean-2018-results>

³ <https://www.gov.scot/binaries/content/documents/govscot/publications/consultation-analysis/2019/02/deposit-return-scheme-scotland-analysis-responses/documents/deposit-return-scheme-scotland-analysis-responses/deposit-return-scheme-scotland-analysis-responses/govscot%3Adocument/deposit-return-scheme-scotland-analysis-responses.pdf>

We feel that multi-packs should be included as 'on-the-go'. Multi-packs of small cans or bottles are commonly stored at home but then used as single on-the-go containers for packed lunches or picnics.

Final Comment

There is potential for 'green jobs' to be created as a result of a deposit return system. CPRE's report 'From Waste to Work' research showed the potential to create between between 3,000 and 4,300 full-time jobs.⁴

Deposit return systems are a transformative approach to resources, waste and recycling and we are pleased that the government is finally taking the steps to introduce this necessary system. As the amount of packaging that is consumed continues to grow, we need to continue with the ambition and plan for scaling up the refillable capabilities of a DRS in the future, beyond the basic glass refill model.

⁴ <https://www.cpre.org.uk/resources/energy-and-waste/litter-and-fly-tipping/item/2359-from-waste-to-work>