

P-05-750 - For single use items: introduce a Deposit Return System for drink containers and make fast food containers and utensils compostable, Correspondence – Petitioner to Committee, 11.03.19

Additional information for the National Assembly for Wales Petition Committee:

P-05-750 For single use items: introduce a Deposit Return System for drink containers and make fast food containers and utensils compostable.

Gill Bell, Head of conservation Wales, Marine Conservation Society, March 2109

Key ask: What we want is a Deposit Return System for all drinks cans and bottles in Wales that would be harmonised with systems in Scotland and England to reduce confusion for consumers and maximise return and recycling.

Definition of a Deposit Return System (DRS) - A scheme whereby consumers pay a small deposit on each single use drinks container, e.g. plastic and glass bottles, aluminium cans. which is then fully refunded when the containers are returned.

Why do we need one?

In the MCS 2018 Great British Beach Clean survey, volunteers collected almost 21,000 items of drinks related litter, equating to 42 items /100m, making up almost 7% of total litter. (includes plastic drinks bottles and bottle tops, aluminium drinks cans and glass bottles)

Do they work?

Deposit return systems operate in around 40 other countries and regions around the world from Croatia to Australia, Canada to Fiji and are credited with increasing recycling to levels of over 80% and reducing litter. DRS also create a more certain supply of affordable, high-quality recycled materials for manufacturers to use.

How is it funded?

Set up costs usually borne by the producers, ideally through a dedicated not for profit group. The costs of running systems of this sort are met by a small fee on producers, typically on each product they produce, the value of the recyclable materials recovered and unredeemed deposits.

How would it work?

Any scheme would need to be designed with local conditions in mind to achieve the most appropriate and effective system. One of the key issues is to establish the way in which such a system could work most effectively with local authorities' existing services, as it already does in places like Lithuania, Norway and Canada.

What's a Reverse Vending Machine (RVM)?

A machine that accepts used, empty drinks containers and returns money or a credit note to the user.

Would businesses have to have a RVM?

No, shops could either choose to have a RVM or take clean bottles and cans back by hand. In Norway there are 15,000 outlets and only 3,700 have RVMs.

RVMs can be purchased, leased or supplied at no cost in which case a proportion of the handling fee is paid to the supplier. If bought outright, the handling fees generated by the volume of cans and bottles neutralise any up-front costs and potentially increase product sales by creating greater footfall through stores. Smaller retailers can collect empties over the counter, refuse to accept dirty empties or opt out completely if they simply don't have space.

What about small retailers?

Small retailers generally take back over the counter and give money back directly. They do not have to have an RVM.

A report from Zero Waste Scotland suggested using RVMs in outlets accepting more than 500-600 containers per day. This is the level at which it becomes more cost effective to invest in a RVM than to collect and store uncompacted containers¹.

Should all businesses take back containers?

As a basic principle all retailers should take part and accept containers that they sell. There may be a case for retailers with very small floor space to be excluded. However, they should have the option to take part if they want to.

What about on-line sales/deliveries?

Returning empties via online delivery vans is the most efficient and convenient solution here. It's especially important that people with mobility issues are able to return their drinks containers to the person who delivers their shopping. Countries such as Norway and Germany have hygienic systems that work this way already. The main system is to supply the customer with a sealable bag for empties, tagged with a barcode specific to the customer. In this way refunds can go straight to the customers' account.

Would businesses lose revenue?

Retailers receive a handling fee for each container they collect. This is to cover the costs of funding, installing, maintaining and operating the collection point. The level of the handling fee is usually calculated by the scheme operators in cooperation with the retailers. Increased footfall to a shop can lead to an increase in sales.

Would Councils lose revenue?

Research indicates that council would benefit. Although councils do get some revenue from the sale of recyclable material, much of the material collected at kerbside is of low quality and attracts low prices. A study of the effects of a DRS on English local Authorities found that²

- Savings, of up to a few hundred thousand pounds per year, are likely to occur for individual Local Authorities in England even for currently very well performing authorities.
- Savings for lower performing authorities would be higher as there would be a greater shift away from disposal.

¹ Eunomia (2015) A SCOTTISH DEPOSIT REFUND SYSTEM Final Report for Zero Waste Scotland

² Eunomia (2017) Impacts of a Deposit Refund System on Local Authority Waste Services. **Report for KBT, MCS, CPRE, SAS, RELOOP** <https://www.mcsuk.org/media/eunomia-report-on-drs.pdf>

- Savings in the management of street scene services of over £50k per year in the case of more densely populated Local Authorities areas could be expected.

A study looking at the implications across the world on local authority systems found that in each case bringing a DRS had positive effects.³

What about costs to cafes/pubs etc?

DRS can save businesses such as cafes, restaurants and bars substantial sums. Using DRS means they'd no longer need to pay for collections of cans and bottles. Instead, collections would be free and they would be paid a small sum (the handling fee) for each item returned.

What should be the deposit level?

We think between 15p and 20p deposit would be enough to see a very good return rate, but it's important that this amount can be changed in the future if necessary, to take into account drops in return rates and increased costs of living. An equivalent situation might be the bag charge in Ireland which was raised when bag sales started to rise. It will be equally important that the deposit is the same across the UK.

What materials should be included?

We think it's very important that any system be universal, and not provide incentives for manufacturers to switch to materials without deposits to avoid taking part and distorting the market. Instead, the system should give producers an incentive for using materials that are easy to recycle and have a high content of recycled materials. Containers of all materials that drinks are sold in, should be given a 'price' for producers, according to how recyclable they are. Provision should be made for the inclusion of new materials.

What sizes of containers should be included?

All sizes of drinks containers should be included. Limiting a DRS by size could lead to serious distortion of the market as producers seek to avoid their responsibilities by changing the size of the container. This has happened in other countries such as Germany where deposit system applies to containers up to 3l in size – there, some companies have manufactured bottle of 3.1l and even 3.001l to escape the system. In the Netherlands, bottles of 500ml and above are included so there are now bottles of 499ml on the market.

The so called 'on the go' option is a watered-down ineffective version of a comprehensive system which would decrease the efficiency and cost effectiveness of a system and would not lead to the best rates in reduction of littering or increases in high quality recycling.

What about biodegradable /bioplastics?

Whilst these can look and behave like plastic, it is often important to ensure they are kept separate from plastic in the waste stream as they are recycled differently.

Bio- based, 'biodegradable' or compostable plastics are not a solution to the plastic pollution crisis and will continue to pose risks to wildlife if they leak into the ocean or terrestrial environments. In line with the waste hierarchy, reduction should come as the first option rather than replacing conventional

³ <https://reloopplatform.eu/wp-content/uploads/2018/05/Fact-Sheet-Economic-Impacts-to-Municis-9May2018.pdf>

plastics with other single-use items and packaging. However, where no alternatives are available all fast food containers and utensils, should be compostable, with clear labelling and a dedicated waste stream.

Calling something compostable or biodegradable may also give the impression that it is ok to litter that item. Additionally, such plastic can cause problems for conventional plastic recycling systems.

Oxo-degradable plastics should be banned altogether in line with the current EU proposals.

What about drink cups - the 'Latte levy'?

Welsh Government have committed to look at this as part of their waste review. Cups may be better dealt with through a separate system for cup take back at outlets that sell hot and cold drinks together with a levy/charge on single use cups to encourage use of reusables.

Disposable cups should firstly be dealt with by encouraging reduction in use and uptake of reusable cups together with a levy/charge on single use cups. Any cups left in the system could be incorporated into a similar DRS type system specifically for cups

Are DRSs a form of producer responsibility?

Yes, additionally a deposit return system will show the highest success when complimented with comprehensive EPR requirements on all packaging as the current PRN system means producers are only responsible for about 10% of the cost of recovery of any packaging they put on the market.

Key asks for a DRS in Wales:

- Include as a minimum glass and plastic bottles and aluminium drinks cans of all sizes - Limiting a DRS by size could lead to serious distortion of the market as producers seek to avoid their responsibilities by changing the size of the container. The same goes for limiting a DRS to certain materials only - this would just encourage a shift to materials not included in the system.
- Limiting a DRS would also decrease the efficiency and cost effectiveness of a system and would not lead to the best rates in reduction of littering or increases in high quality recycling.
- The system will need to be future proofed – i.e. take into account the need to potentially change deposit levels and consider the introduction of new materials/drinks onto the market.
- The basic day to day running and administration of any system should be carried out by an industry led not for profit (Operating Company) with transparent audit trails and lines of accountability.
- The Operating Company would need to organise an open and transparent system which would set the fees, ensure maximum participation, ensure proper records kept, audits taken, fraud minimised and public reports made as well as organising the logistics of any scheme and publicising the scheme to the public.
- The Operating Company should maintain ownership and income generated by sales of material as then they have a greater incentive to get as much material going through the system as possible. Any monies raised should be used to achieve additional benefits to the system
- A board made up of representatives from Government(s) and other bodies such as the NRW/EA/SEPA should be responsible for regulating the Operating Company. This board should not include producers, retailers or others who have a commercial interest in the system.
- Retailers should receive a handling fee for each container returned.
- Return should be back to retail rather than centralised depots, although other businesses/bodies e.g. train stations, leisure centres should be able to host a RVM if they wish.

- As a basic principle all retailers should take part and accept containers that they sell. There may be a case for retailers with very small floor space to be excluded. However, they should have the option to take part if they want to.
- Unredeemed deposits should go back into the system and should not be used for other purposes e.g. donation to charity – this creates a perverse incentive for the system to fail. Raising funds for environmental work could be done through a donate option at the point of return.