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From: [Redacted]
Sent: 11 November 2020 16:52
To: wastecomments
Subject: DRS consultation response - Envipco UK
Attachments: Envipco consultation response 11-11-20.pdf

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Good afternoon

At Envipco UK, we are grateful for the opportunity to read the Eunomia consultation report* and to get the opportunity to provide input to your public consultation on design options for a Deposit Return Scheme within Ireland.

Please find attached our consultation response.

** Improving the Capture Rate of Single Use Beverage Containers in Ireland, Nov 2019*

Regards

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Rialtas na hÉireann
Government of Ireland

Deposit Return Scheme

Consultation Document on Potential Models for Ireland

2 October 2020

Response: Envipco UK Ltd

11th November 2020

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Deposit Return Scheme (DRS) - Consultation on design options for Ireland

We are pleased to get the opportunity to share our experience and thoughts through this consultation process and would be happy to offer additional support as required, whilst the Irish Government and relevant stakeholders work through the process over the coming months.

Envipco has been working within the DRS industry since 1982 (38 yrs). We have been supplying Reverse Vending Machines (RVM's) and providing long-term service support and maintenance to those operating Return Points the whole time.

Through our experience, we really understand and appreciate the challenges and difficulties when establishing a well-functioning DRS. We also understand 'what good looks like' and where other regions have made mistakes and missed the opportunity to establish best practice and watched them suffer for many years thereafter.

Not only do we comply with the DRS regulations in each country we are active in, but we also function as the DRS Clearing House in New York, providing all of the collections and Clearing House duties.

As one of the longest serving companies in this field, we have been a technology leader in new developments and hold several patents concerning key industry standards.

We are active in the US market and are preferred suppliers of RVM's to Walmart, Walgreens & Stop & Shop (Ahold) amongst others. We also work closely with Returpack in Sweden (System Administrator) and ICA, supplying both with RVM's and support for several years. Additionally, we are present in France, Greece and Australia and are actively involved with schemes developing in new markets such as; UK, Portugal, Latvia and Romania.

For and on behalf of Envipco (UK) Limited

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1. The Report recommends a centralised, operational model for Ireland. Do you agree with this recommendation?

Yes. Unequivocally, the most effective and efficient DRS systems around the world have an industry-operated centralised system ownership model, which is driven by the beverage and retail sectors. The system is self-financed by three income streams: unredeemed deposits, the value of recycled material, and industry fees. Given that the supply chains of the beverage and retail sectors are impacted most significantly by a DRS, these two sectors have the greatest incentive to optimise cost-efficiency.

However, this structure is only efficient if government sets relevant recycling targets and tasks the beverage and retail industry to meet these targets via optimising the operations as the system administrator. It is then in industry's interest to meet these recycling targets at minimum cost, thereby providing a low-risk, closed-loop system.

2. If not, do you favour a: decentralised / financial DRS; or, b) hybrid.

Not answered as agree with question 1.

3. Are there other models you believe could work in an Irish context?

None. We believe the Centralised/Operational model is the most effective and efficient.

4. What role should waste collectors play in the operation of a DRS?

Waste collectors often provide the most effective and efficient method to run the system logistics, when considering the wider implications and sometimes unintended consequences of a DRS.

Usually, the existing kerb-side and commercial collection models see a drop in volumes and subsequently take a commercial hit, as high value clean materials migrate from these existing waste streams to the DRS stream, occasionally challenging critical mass in some cases and challenging the on-going level of service to municipalities.

Utilising this existing infrastructure within the DRS logistics process, enables the waste collectors to provide a service to the DRS at an incremental level of cost (as core infrastructure already in place) and minimises the unintended cost impact on municipalities who may be faced with penalties within existing waste contracts.

We suggest considering the existing 'last mile' collection infrastructure to run the same function within DRS, delivering collected materials to the bulking/counting centres established by the DRS Administrator.

5. The DRS study proposes a deposit per container of €0.20. Do you think this is appropriate? If not, should it be higher or lower or should different deposit rates apply depending on container size?

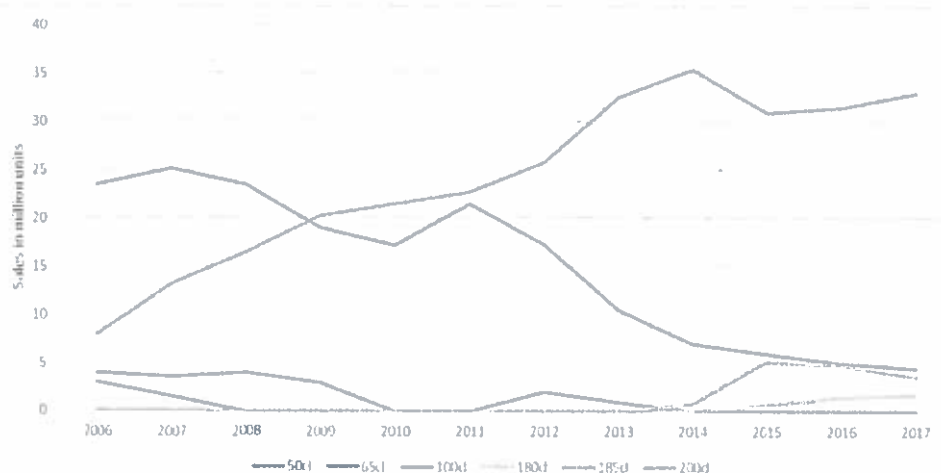
We agree that a higher deposit level has the expected effect on consumer behaviour and drives a higher return rate, faster. In markets that offer a substantially lower incentive (Connecticut in the US for example) results in a lower &/or declining return rate.



Although we are not aware of a strong correlation in all markets between flat deposit fees and an automatic 'upsizing' by consumers as a result, we have seen evidence from markets like Croatia after their DRS introduction in 2006, where there were some visible trends of 'upsizing' (see charts below)*

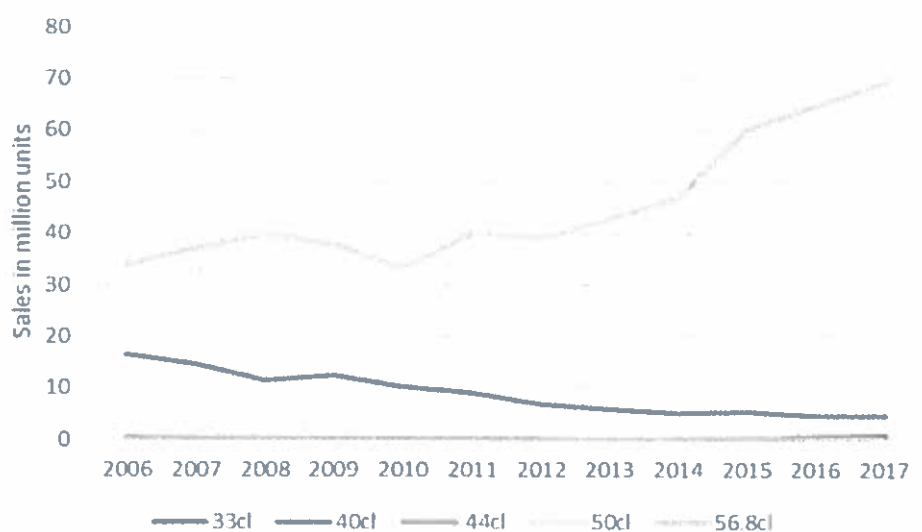
* Recycling DRS in Scotland, Oakdene Hollins, Sept 2019

Figure 32: The beer market in one-way PET in Croatia



Source: GlobalData. Adapted by Oakdene Hollins.

Figure 33: The beer market in one-way cans in Croatia



Source: GlobalData. Adapted by Oakdene Hollins.

However, simplicity is widely seen as an asset to achieve early consumer buy-in and engagement. Therefore, we believe the flat fee approach on balance is the best way to go.

6. Consumers need to know about a DRS long before it becomes operational - do you have any suggestions as to how best the introduction of a DRS can be communicated to the public?

Of course there is no single answer to this, but we believe a well targeted campaign through multiple channels to be the most effective. We are not aware of any previous DRS region that has



employed a communication strategy that we would suggest as best practice or significantly more effective than any other.

Most regions employ sporadic social media campaigns through paid adverts (Facebook, Twitter, etc) and stakeholder websites (Zero Waste Scotland for example), however, the messaging tends to be from the perspective of the entity communicating and can end up emphasizing different points and possibly confusing the consumer.

We believe Retailers are under-utilised in this process, as growing numbers of consumers are signed up to loyalty programmes and receive regular communications from the Retailers, that they pay attention to. A Facebook advert from an environmental group or RVM manufacturer is likely to be ignored by most &/or blocked out by Ad-Blockers.

Therefore, we would suggest a clear communication strategy be developed by the central agency responsible for the pre-legislative phase, to drive consistent messaging through multi-channels and specifically liaise with Retailers to utilise their own marketing communications (i.e. *'DRS is coming and this is what it means to you'*).

7. What enforcement measures should be considered in parallel with the introduction of a DRS?

We believe the most effective methodology is a combination of measures:

- Every Producer that puts in-scope containers onto the market must become a Registered Producer
- Each Registered Producer must report all products (qty x GTIN) put into the market regularly
- Each Producers contribution to net system costs should be based on their quantity of containers placed in the market NOT quantity returned (which would dis-incentivise return volumes) and be based on total cost of processing (i.e. PET and aluminium could be different)
- Clear targets should be established with key milestones building up to the final target. We suggest a 'run-in' grace period not be allowed, but instead a realistic compliance curve from the beginning. An initial period without a target just breeds complacency and encourages a slow start.
- All Return Points should be obliged through legislation to accept all in-scope materials (unless exempt)
- An independent Regulator (reporting to Government) should be appointed to monitor compliance and be the point of escalation/complaint for observed non-compliance (specifically no-compliant Return Points)
- Sanctions should be defined and built into the governance framework.
- The Administrator should manage the approval process for containers put into the market by Registered Producers and maintain a product database

We believe these measures are best practice to ensure strong compliance in a well-functioning DRS.

8. How should cross-border issues be treated to ensure producers are not at a competitive disadvantage relative to producers in Northern Ireland?

The obvious answer here is to introduce dedicated barcodes and a unique DRS marking for the products destined for the South (to guide consumers better). This comes at an initial cost to Producers and possibly drives changes to existing supply chains (for example splitting loads that were previously destined for Ireland as a geographical whole). However, these are one-time impacts and other markets have operated successfully with similar measures for many years to minimise cross border issues (for example, Norway, Sweden and Finland).



We recognise this may give an unfair advantage to larger Producers who have the scale to manage country specific SKU's within their supply chain vs smaller Producers, however, this playing field could be levelled by a tiered approach to Producer Fee based on quantity of containers put in to the market (i.e. small Producer with low volumes pays less for an international barcode than the larger Producers).