

From: [Redacted]
Sent: 12 November 2020 11:10
To: wastecomments
Cc: [Redacted]
Subject: Deposit Return Scheme – Consultation on Potential Models for Ireland
Attachments: Repak DRS Submission.docx

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To: Department of the Environment, Climate and Communications.
From: Repak Ltd
Date: 12 November 2020
Subject: **Deposit Return Scheme – Consultation on Potential Models for Ireland**

Attached please find Repak’s submission to the public consultation process, published on 2 October by DECC, on Deposit Return Scheme – Consultation on Potential Models for Ireland.

Best Regards,

[Redacted Signature]

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Repak Ltd

Deposit Return Scheme Consultation on Potential Models for Ireland

Repak Submission

Executive Summary

Introduction. Repak Ltd as the extended producer responsibility scheme for packaging waste, has a keen interest in the policy decision to introduce a Deposit and Return Scheme (DRS) for plastic bottles and aluminium cans and welcomes the public consultation on potential DRS models for Ireland. Repak's research on DRS indicates that there are many choices and options to be considered at design stage and that it is important to go through the consultation process to ensure the right choices are made at this stage, in selecting the best DRS model for the Irish market.

1. Key Design Elements.

Looking at international best practice on DRS, Repak has identified a number of key design

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elements which need to be considered as part of the decision-making process at design stage. These key elements are:

- Scope of Legislation
- Governance, Organisation DRS Model
- Targets
- Deposit Value
- Return Infrastructure
- Legislative Framework, DRS Regulations
- System Security
- Ownership of Material
- Logistics
- Financials
- Handling Fees

2. Consultation Questions.

- Of the three proposed models, Repak favours a centrally operated, not for profit, Hybrid DRS model with an equitable representative governance structure.
- A strong advantage of a Hybrid model is that it builds on existing waste infrastructure, which envisages a key role for waste collectors in the collection and management of DRS materials.
- Repak is not aware of examples of other DRS models which could work in an Irish context, but with advances in technology this may change in the future.
- For a start-up DRS, the recommendation of a deposit of 20c per container would appear to be appropriate. However certain unique market conditions should be considered before finalisation of a deposit value the value of the deposit should be set independent of the scheme operator by the Minister.
- To communicate the proposed DRS system effectively a full communications campaign, with clear messaging, involving a number of phases would have to be put in place.
- On enforcement, Repak recommends that DRS is regulated and enforced by the three WERLAs, with oversight from DECC.
- Clarity of legislation/obligations, consultation with Northern Ireland (NI) authorities and DRS labelling to include both barcoding and DRS logo placement will be central to ensure cross border issues do not distort competition or impact negatively on the scheme.

Repak Submission

Deposit Return Scheme, Consultation on Potential Models for Ireland

1. Introduction.

Repak Limited welcomes the opportunity to provide input to the public consultation on potential Deposit Return Scheme (DRS) models for Ireland.

As an environmental not-for-profit organisation, with a social mission, Repak's purpose, on behalf of its members, is to;

- lead the recycling and sustainability of Ireland's packaging waste
- advocate for a new circular economy
- educate businesses and consumers on reducing and recycling packaging waste

Repak is an Extended Producers Responsibility (EPR) scheme set up by business in 1997 and currently has over 3,400 members. The members of Repak are producers of packaging, who pay fees for the packaging they place on the market. These fees are used to subsidise the collection and recycling/recovery of waste packaging through a network of registered waste collectors.

For a producer, joining Repak is the most efficient and cost-effective way for them to meet their compliance obligations, under the Packaging Regulations. Repak has a proven track record of success and since it was set up in 1997, packaging recycling in Ireland has grown from a very low base to the point where Ireland is now one of the leading recycling countries in the EU.

Repak as a stakeholder has a keen interest in DRS, in that Repak is currently responsible for the collection and recycling of the plastic beverage containers and aluminium cans. The removal of these materials from Repak's current waste stream will have a significant financial impact on Repak.

DRS was the subject of much debate at EU level during the drafting of the Single Use Plastics Directive in 2017/2018 and indeed earlier during the discussions at EU level, on the Circular Economy Package (CEP). Once the SUP Directive in 2018 set the new ambitious recycling targets of 90% recycling of beverage containers by 2029, it was inevitable that DRS would be on the policy agenda. It was no surprise therefore that the establishment of DRS became an objective in the Programme for Government and is one of the key action items listed in the new national waste policy document "A Waste Action Plan for a Circular Economy". While DRS represents a fundamental change in waste policy in Ireland, Repak has always played a key role in this area and is looking forward to continuing to play a proactive role in increasing the recycling rates of all packaging materials and contributing to the climate and environmental challenges of the Circular Economy.

2. DRS Key Design Elements

Repak has thoroughly researched the topic of DRS, not only across EU Member States but also in the United States, Canada and further afield in Australia. There is no doubt that DRS is an effective tool in achieving high recycling rates and contributing to the reduction in litter, provided it is designed to reflect market needs. In addition to desk top studies Repak also carried out a series of visits, to see at first hand, DRS models in operation in a number of other countries both inside and outside the EU, namely Sweden, Norway and Lithuania.

What is clear from the research is that no two DRS schemes are identical and there is no “off the shelf solution” for a DRS model in Ireland. The research however does indicate that there are a number of key elements that should be addressed at design stage and incorporated into the model which will underpin the success of the chosen DRS model. These key elements or components all have various options within them and the challenge at design stage is to achieve the best fit from a range of options, in delivering the optimum DRS solution.

The key design elements are;

2.1 Scope of Legislation

It is important at the outset to clearly define in legislation the range of beverage containers which are within the scope of DRS. The minimum and maximum size and type of containers need to be specified. Generally, DRS should cover beverage containers up from 150ml to 3ltrs in size.

It is clear from the consultation document that only two packaging materials, plastic bottles and aluminium cans, are within scope.

The type of beverages should also be specified (i.e. water, soft drinks, juices, alcohol etc.). Likewise, beverages not within scope should also be specified (i.e. dairy products etc.).

2.2 Governance, Organisation DRS Model

Governance is a critical issue in defining the roles of the participant stakeholders but also in providing a strong basis of unity of purpose in delivering a DRS scheme.

The DRS model should be based on a centrally operated, not for profit company with relevant industry interests (i.e. beverage producers, retailers, independent representation and scheme operator) represented. The beverage producers who place the product on the market should be the lead stakeholder and in an Extended Producer Responsibility (EPR) they will be responsible for the main set up and net costs of the operation of the scheme.

The other key stakeholder is the retailers who will have responsibility for charging the deposit at point of sale and for the take back of empty containers and redemption of the deposits. Retailers will also have a major impact on collection and logistics costs on an ongoing basis.

In terms of governance and accountability, the key stakeholders should have equitable representation on the Board of Directors of the DRS company/operator and along with other independent representation should have responsibility for setting policy, producer fees and cost effective target achievement of the scheme.

Data management and stakeholder reporting will also be a critical function of the DRS operator. This will extend to the maintenance of a central database of products placed on the market and a clearing system based on return data captured by the product barcodes.

To ensure full transparency the DRS operator should be responsible for submitting on an annual basis to the Minister for the Environment a report on the operation and performance of the scheme, in addition to a copy of the financial accounts in respect of the preceding calendar year.

2.3 Targets

The Single Use Plastics (SUP) Directive is the key driver of DRS.

The “separate collection for recycling targets” of 77% of beverage bottles by 2025, increasing to 90% by 2029 are ambitious targets and the Directive suggests that the establishment of DRS is one way in which these targets can be achieved.

In addition, DRS would facilitate the achievement of the new recycled content targets, for PET beverage bottles of 25% recycled content, increasing to 30% by 2030.

Best practice from other EU Member States indicates that annual interim targets would have to be set, over a three-year period, in order for a DRS to ramp up to a 90% recycling rate by 2029.

2.4 Deposit Value

The Minister should be responsible for setting deposits based on recommendations of the DRS Board and independent evaluation.

The deposit should be cost neutral for all stakeholders (i.e. producers, retailers, consumers). It obviously has to be set at an appropriate level, proportionate to the price of the product.

For further information on the appropriate deposit value see Repak response to Question 5.

2.5 Return Infrastructure (automatic, manual)

A vital part of any DRS is the return infrastructure. Retailers who sell DRS products will be obliged to take back empty containers at their retail outlets. This is the most convenient and effective return system for consumers.

Most DRS systems have both an automatic and manual return systems. Automatic return is generally used by large retailers, who have space and volume to install reverse vending machines (RVMs), to collect the empty containers. RVMs can identify the empty container, beverage type, confirm the refund and issue a credit docket. RVMs can also crush and compact the containers to avoid fraud and save on retail space. Consumers can redeem their credit docket in the retail outlet, for the cash value, spend it in the retail outlet or donate it to charity/good causes etc.

Manual return is used in smaller retail outlets and is based on a bag system (i.e. barcoded plastic bags supplied by the DRS operator).

The scheme should also provide for return points at Civic Amenity Sites, Sports Clubs, Charity Organisations and Tidy Towns.

2.6 Legislative Framework, DRS Regulations

Well designed, clear, robust legislation, setting out how DRS is to be regulated, is essential for DRS.

The intention of DECC to have another round of public consultation on the preferred DRS model and draft regulations is very welcome, as this will give all interested stakeholders a sense of ownership and an opportunity to give their input in ensuring the legislation works well when DRS is implemented.

An issue which will have to be addressed is the question of a “de minimis” which would exempt small retailers from the obligation to participate in DRS. This is potentially a sensitive topic which would need to be discussed in detail. There is a strong view that in order for the system to be fair and equitable, all retailers regardless of size, if they sell DRS product, should be obligated to participate in DRS.

2.7 System Security (Labelling, Fraud Prevention)

A key challenge for any DRS is the design of a security system to reduce the risk of losses from fraudulent claims and free riders.

Labelling is key to fraud prevention. Examples of common fraud are:

- a refund claimed on an item that no deposit was paid
- a deposit claimed twice
- cross border issues (material entering the DRS from Northern Ireland etc.)

Each DRS container should have a DRS logo indicating to consumers that it is a DRS container and is part of the scheme. Producers selling drink products in beverage containers will be legally obliged to participate in the scheme.

In addition, each container will have a unique identification barcode, which can be read by the sensors in RVMs and collection centres. The DRS clearing system will be based on the return figures of the products’ barcodes.

2.8 Ownership of Material

DRS material both PET and aluminium is valuable material and provides a steady income stream for DRS. The ownership of the collected packaging material is therefore an issue to be determined at the design stage of the model.

In an operational DRS model ownership of the material is retained by the DRS operator. In financial and hybrid models, other stakeholders own the material and the income from the sale of same.

2.9 Logistics

A cost-effective collection system is essential for DRS and in this regard, there are many collection options available. The options extend to using the existing recovery operator collection system (which may need to be modified to meet the “separate collection” criteria) and the use of back hauling and reverse logistics and opening the collection up to other private operators.

The RVM data is usually transmitted online to the DRS database on a daily basis and collections can be scheduled based on live information.

The empty containers are collected from retail outlets participating in DRS and transported to collection centres. Given the size of the market there is only a requirement for three to four collection centres and one national sorting centre.

2.10 Financials

Typically, there are three sources of DRS revenue as follows:

- producers pay a fee to the DRS operator for each beverage container they place on the market
- unredeemed deposits, which are reinvested in the scheme
- income from the sale of DRS material

Like any EPR scheme, producers are responsible to cover the net costs of recycling the packaging material (i.e. PET bottles and aluminium cans) they place on the market.

The set-up costs for the DRS scheme will be significant. Therefore, producers will have a major role in providing/supporting the financing of the set-up of the scheme. This support should be recouped by producers over time.

Likewise, retailers will need to support the collection infrastructure such as RVMs. These are usually financed through medium to long term leases, hire purchase arrangements and other finance options.

2.11 Handling Fees

Generally, retailers received an income stream, by way of handling fees, to incentivise them for participating in the scheme and to compensate them for their costs incurred in participating in the scheme. Retailer handling fees are agreed between retailers and the DRS operator.

Handling fee per bottle/can are usually set and are based on:

- Take back model, use of RVMs for large retailers and manual take back for small retailers
- RVM costs (purchase, lease, maintenance etc.)
- Floor space used for RVMs and the storage of materials
- Staff costs associated with managing the DRS material
- Administration & miscellaneous costs

3. Consultation Questions.

The consultation document poses a number of specific questions as follows:

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

Repak Response.

Repak is of the view that a centrally operated, not for profit model, in terms of international best practice is the preferred option. A centralised governance structure will maximise the transparency and contribute to the overall success of the scheme.

However, Repak does not agree that an operational model is the best fit for Ireland. Repak favours a hybrid DRS model for Ireland as outlined in more detail in our response to question 2 below,

Question 2. If not, do you favour a:

- a) decentralised / financial DRS; or,**
- b) hybrid.**

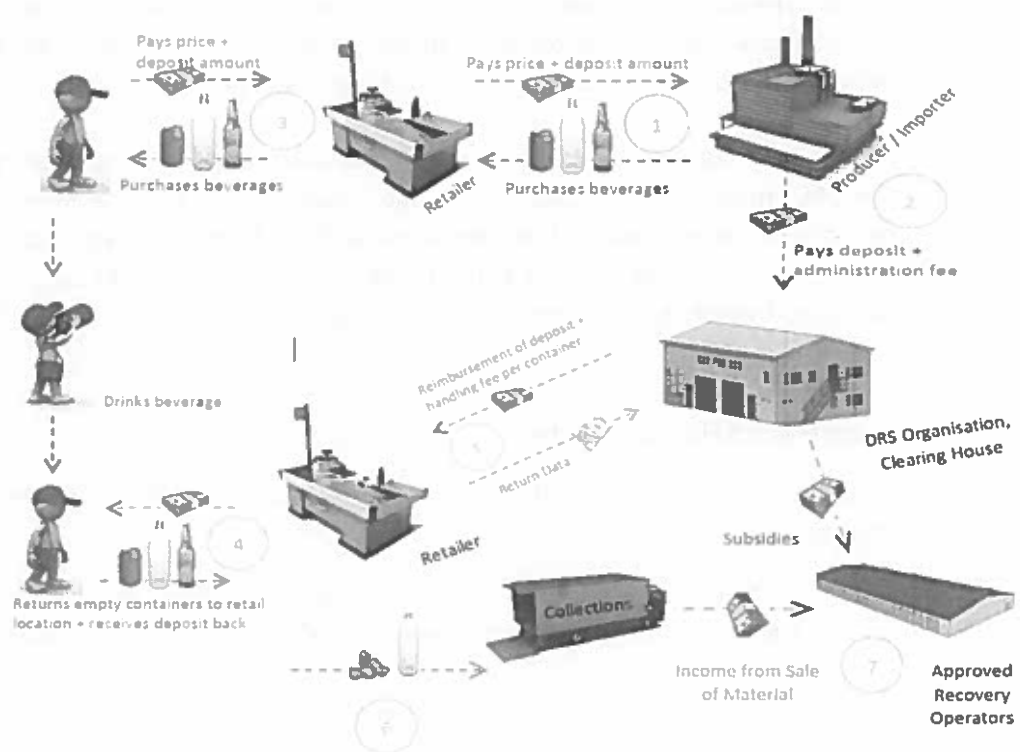
Repak Response

Repak is in favour of b. A Hybrid DRS model with the following characteristics:

- Ireland's DRS should be operated by a centralised DRS entity with responsibility for managing the overall success of the scheme in achieving Ireland's separate collection for recycling targets
- As previously stated, the DRS entity should be a not for profit organisation

- Governance of the DRS entity should rest with the beverage and retail industries as the lead stakeholders, with input from Independent representation to maximise accountability for target achievement and cost-effective implementation
- The operational aspects including logistics, counting and sorting (using existing infrastructure) of deposit bearing containers should be outsourced to private waste collectors, pre-approved by the DRS entity. In addition, if appropriate, other collection means such as back hauling and reverse logistics may be considered
- Pre-approved contracted waste collectors should retain ownership of the sorted materials (deposit bearing containers) and receive the income from the sale of the material to recyclers, which they can offset against their costs
- Pre-approved recycling outlets for materials by the scheme is the preferred option to maximise recycling in accordance with CEP objectives

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Fig 1.
Deposit
&
Material
Flow in
proposed
Hybrid
DRS
Model



Strengths/Advantages of a Hybrid DRS

A hybrid model presents the greatest opportunity to build on and maximise the use of existing waste collection and sorting infrastructure across Ireland. This could reduce scheme set up costs, as a series of retrofits may be possible to existing recycling infrastructure without the need for planning approval. It also has the potential to provide the most cost-effective DRS solution.

Given the ambitious timeframe for the establishment of a DRS, utilising existing infrastructure could minimise the time taken for the necessary plant and equipment to be in place, minimising any potential delays to the commencement of DRS operations.

Repak recommends a hybrid DRS model as the most equitable and practical option that reflects Ireland's unique waste collection landscape, which for the most part is managed by private sector waste collectors.

The general view of the waste industry is DRS is a significant threat to their businesses. A hybrid model could alleviate some of the concerns which the waste industry has in relation to the perceived negative impact, which DRS may have, on the current kerbside collection system.

A hybrid DRS model could incentivise and provide an opportunity for the waste industry to contribute in the detailed design of the model and to play a role in the operation of a DRS. This in some sense represents a new role for waste collectors, which should be considered by the DRS. At any rate the hybrid model would, minimise lost revenue to the waste industry and provide an alternative service provision which the waste industry could provide and receive the financial reward.

Repak believes that a newly established centralised, operational DRS model, depending on the role, could be in direct competition with existing waste collectors and MRFs. This could be wasteful, leading to duplication of effort and resources.

Recycled materials can be subject to significant variations in market value. In a hybrid model the DRS entity would not own or generate revenue from the sale of materials. Therefore, risks associated with material market values will be shared amongst approved private waste collectors. This allows the DRS entity to adjust producer fees and subsidy levels to private waste contractors based on these market values, limiting direct risk to the DRS entity.

Decentralised Financial Model

Repak does not recommend a decentralised/ financial DRS model for Ireland for the following reasons:

- A decentralised model would not offer the same level of accountability and transparency for target attainment provided by a single centralised DRS entity
- This model may make the detection of free riders more challenging
- It may be more difficult for producers to budget for scheme participation, due to the dependence on return rates
- Recycling rates achieved by decentralised schemes can be inconsistent and some of the lowest recycling rates globally result from decentralised models
- There may be limited opportunity for private waste collectors to remain involved in the collection of materials, leading to the loss of revenue

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

Repak Response

Currently there is no alternative, tried, tested and proven DRS model which could work in an Irish context.

There are however encouraging developments in smart DRS technologies, that use QR coding and App technology to enable a kerbside collection-based DRS to be developed. Their developments are currently being trialled in Northern Ireland to establish how effective they would be versus a traditional type DRS.

There may be potential in the future for a new DRS model to emerge from these trials. However without a significant body of evidence and data showing the effectiveness of these trials and their capability of achieving the SUP targets, it would not be appropriate at this stage to opt for a model which is still at concept/development stage against the tried and tested traditional DRS models. The scheme operator however should keep an open mind regarding the potential impact of future developments in technology, which could significantly reduce infrastructural costs. Hence the leasing of RVMS rather than purchase, may be the more appropriate option at scheme start-up.

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

Repak Response

On the basis that the hybrid model is the preferred model, waste collectors should play an integral role in DRS and should be consulted throughout the planning and implementation stage of the scheme.

Once DRS is implemented, the majority of plastic bottles and aluminium cans will be taken out of the existing kerbside scheme – which in turn means that waste collectors will be at a loss from the sale of these two valuable commodities.

2020 Prices

Plastic commodity prices can fluctuate significantly. In 2020 clear PET ranged from a high of €300 a tonne to a low of €210 a tonne, while coloured PET ranged from a high of €80 a tonne to a low of minus €20 a tonne. Aluminium however is a more stable commodity with an average price of €720 a tonne in 2020.

In order to mitigate their potential financial loss, it makes good business sense for waste operators to participate in DRS and to agree a role in the collection, sorting and counting of deposit bearing containers. They have the expertise and experience of managing packaging waste and they should leverage this to their own benefit and that of the DRS scheme.

In designing a waste collection model for DRS in Ireland, the WERLA structure of 3 Regions could be used as geographical co-ordinated collection areas with dedicated approved MRF facilities in these areas as collection points before transportation to a dedicated recycling facility.

- Connaught/Ulster
- Eastern Midlands

➤ Southern Region

This would also complement the enforcement system that operates in each of the WERLA regions.

- The DRS operator should plan the waste collection operation to be a full closed loop system in Ireland. This would be in keeping with the proximity principle under the Circular Economy Package.
- Cost of collection:
 - Each region would need to determine the number and location of collection points (i.e. retailer outlets, civic amenity sites etc. participating in DRS) so that waste collecting efficiency can be maximised
- Waste collectors should take ownership of the material
- In keeping with the proximity principle under the Circular Economy Package, it would be beneficial if waste collectors could source an existing plastic re-processor within their WERLA region who have the capability to recycle the plastic material
 - This would also be beneficial as it would significantly reduce the setup cost of the scheme. There would be no delay on planning, licencing etc. as existing infrastructure could be utilised
 - In order to complete the full closed loop recycling of PET bottles within Ireland, a desk study would need to be completed to see what Ireland's capability is to reprocess PET bottles and what existing capability exists on the island of Ireland to incorporate recycled PET into PET bottles to help meet the Single Use Plastics Directive recycled content targets
 - Using existing infrastructure would significantly reduce set up costs - it would be similar to the Norway DRS model in that - collect the maximum amount of material at a minimum cost

Question 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?

Repak Response

Repak agrees in principle with the rationale set out in the DRS study regarding the deposit amount of €0.20 per container and the criteria used in determining how much the deposit should be. The deposit has to strike the right balance and must be set at the appropriate level to encourage behaviour change and to ensure that consumers return the empty containers to redeem the deposits. The cost of living also has to be factored in determining the appropriate deposit amount.

It is about changing mind-set and culture and when a deposit is applied to a container; that item now has a value and is no longer a waste item to be discarded. Consumers will have to be educated on this, through various marketing and communications channels.

The deposit should not be seen as an increase in the price of beverage products. Multipack sales of containers need to be considered in this context. The deposit should be displayed on the customer's invoice as a separate line item and is usually exempt from VAT.

If the DRS system works correctly, the deposit is cost neutral for all stakeholders (i.e. producers, retailers and consumers) and is essentially a closed loop system.

In the interest of keeping it simple and to avoid any mixed messages or confusion at consumer level, initially for a start-up DRS a flat single deposit is the preferred option. At a later stage, depending on the performance of the scheme a two-tier deposit system could be introduced.

Some key points to consider regarding the deposit amount for DRS:

- Higher deposits are generally associated with higher return, however they can be more expensive to run as fraud increases
- The higher the deposit, the larger the strain on cash flow for Consumers, Retailers and Producers
- Setting deposits can be seen as a balancing act of Risk /Reward or Cost /Benefit
- The correlation between Deposit Values and Return Rates in existing systems abroad indicates that a deposit rate of circa €0.20 is associated with a 90% return rate
- It is thought to be easier to increase the deposit than to reduce it
- It may be best not to set the deposit amount in legislation to allow for flexibility to make adjustments if the DRS scheme is not achieving the recycling rates
-
- The large quantum of aluminium multi packs drink sales in Ireland is a factor when evaluating a proposed deposit
- Future adjustments may be required with increasing the flat deposit, varying the deposit by material type and/or differing the deposit by size

In summary, the research and data on deposits in the DRS Report is sound and the recommendation of a €0.20 deposit rate is sensible. However, there are other factors that may affect the deposit amount necessary to Ireland to hit our targets. Culture would obviously play a large part in this and at this stage there is a somewhat intangible aspect to assessing the cultural impact.

Once DRS is launched, data collection and the monitoring of progress over time should inform any decisions regarding adjustments, to increase or reduce the deposit amount.

Question 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?

Repak Response

Both the Programme for Government and the Waste Action plan for a Circular Economy set out the Government’s commitment to introduce a Deposit and Return Scheme (DRS) for plastic bottles and aluminium cans.

The basic premise of a DRS is that the consumer pays a deposit at the point of purchase, which can be redeemed when they return their used beverage container. It is this financial incentive (to get one’s money back) that is central to DRS, in addition to consumers’ desire to do the right thing from an environmental viewpoint.

There may be initial confusion between a DRS and “reward scheme” which will need to be addressed at an early stage. In addition, the reasons why we need a DRS scheme will need to be explained and why a DRS is necessary in the context of the new ambitious targets and the ambitions of the Circular Economy.

We are looking to communicate “What a DRS scheme will mean for consumers”.

As set out above, a DRS for beverage containers involves the application of a refundable deposit to incentivise consumers to return their beverage containers for recycling or reuse. Consumers will pay a deposit that will apply to relevant plastic or aluminium beverage drinks containers. Positioning a DRS as a ‘deposit’ that will be returned to the consumer as opposed to a ‘price increase’ will be critical to ensure cooperation from consumers. Consumers pay a deposit of €0.20 at the point of purchasing a beverage contained in a plastic bottle or aluminium can. This deposit is redeemed at retail outlets, when the empty container is returned. This creates an incentive for consumers to return empty containers.

In a sense consumers do not purchase the beverage container (they purchase the contents), they are only borrowing the container on which they pay a deposit, which is redeemed when they return the empty container. In striving to change attitudes and culture, this is a key message which needs to be communicated to the public.

To communicate the proposed DRS system effectively a full communications campaign, with clear messaging, involving a number of phases would have to be put in place. This campaign should commence when the DRS operator appointed with messaging that has unity of purpose representing all stakeholders.

Phase 1: Develop the brand identity for the DRS to enable it to be easily understood and communicated to the Irish public.

As part of developing the brand identity for the scheme, the following will be required:

- A brand logo
- A brand mission statement
- Brand website
- Brand Social Media Platforms

This will all need to be created prior to the launch so that all infrastructure and signage can be properly branded. There will be no need for any public communication regarding this process until it is fully completed.

Phase 2: A Public Information Campaign to create awareness for the new DRS scheme, what is happening and the time scale to ensure the public understand what a DRS is, when it is commencing and how it will impact them as individuals.

Clear, concise communication will be required prior to its full introduction explaining:

- Why it is being introduced
- Why the current system is not working?
- The impact it is likely to have on packaging recycling rates in Ireland and our new targets set by the EU
- How it works for the ordinary consumer
- What it means for the current kerbside collection system
- The launch date of DRS

Phase 3: DRS Launch Awareness Campaign.

Once the DRS scheme has been set up and all infrastructure is in place, a communications campaign will be required in the lead up to the launch day when the scheme comes into operation.

This will require an advertising communications campaign including:

- TV advertising
- Radio advertising
- Press advertising
- Direct Mail
- PR and media relations
- Social media advertising and influencer engagement
- Video content development
- Stakeholder engagement (including NGO's & interested groups)

This will need to be continued for a period after the scheme launch.

Phase 4: Ongoing Usage and Education.

Once the scheme is in operation, an ongoing communications campaign will be required to create habit. Messaging can be changed depending on time of year and consumer consumption – Christmas, Sporting Occasions, Events, Summer. This will require an ongoing communications campaign, to remind consumers in the first year of operation, including:

- TV advertising
- Radio advertising
- Press advertising
- PR and media relations
- Social media advertising and influencer engagement

- Video content development
- Stakeholder engagement (including minority groups)
- Outdoor Event

Ongoing consumer research will help guide messaging, understanding and usage as well as addressing any issues with the scheme.

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

Repak Response

It is essential that a robust enforcement framework be established in advance of DRS becoming operational.

Repak recommends that DRS is regulated and enforced by the three WERLAs, with oversight from DECC. This approach will deliver:

- A coordinated and experienced approach to enforcement throughout the ROI
- While maintaining unique local knowledge of LAs within the WERLA structure

Building on the existing enforcement structures is the obvious solution with regard to the enforcement of DRS. The current role of the WERLAs is to deliver an integrated approach to waste enforcement which drives consistent enforcement of legislation across the regions, developing a strong regional enforcement network which shares intelligence and expertise across local authority boundaries as required. This is key to dealing with strategic national waste enforcement priorities and serious criminal offenders through intelligence led and coordinated multi-agency enforcement actions.

Lessons can be learned from the Packaging Enforcement Cooperation Programme which has provided a framework for co-operation in areas of mutual responsibility between the enforcement network and compliance schemes. This framework has promoted compliance with the regulations while creating awareness of policy and legislation. In addition, the co-ordinated approach to Enforcement across all LAs assisted by the expertise and assistance of the WERLA PROs has provided a mechanism and framework for consistency of enforcement whilst maintaining the expertise of the individual LAs.

The Packaging Enforcement Cooperation Programme has provided a template for how cooperation can augment enforcement. This along with the proposed enhancement of the WERLA role in Enforcement means they are the most appropriate body to enforce the DRS.

From an enforcement perspective, the DRS Regulations will have to clarify roles, responsibilities and set out the obligations of the key stakeholders (i.e. producers, retailers etc.). As a minimum, all producers and retailers selling beverage products (in DRS containers) should be legally obliged to register with the DRS scheme and charge the deposit, report and keep appropriate records/documentation, accept back the returned empty containers and return the deposit to consumers.

The WERLAs (or the Enforcement Body) should have investigative powers, to access premises and to request the provision of documents and records to support enforcement activity.

The WERLAs in their enforcement role should be able to:

- perform spot-checks on producers, wholesalers, and retailers, and request proof that a given drinks container is a 'scheme article' that has had deposits paid on
- seize/confiscate beverage products on the market which are not in compliance with DRS
- facilitate the seizure of vehicles or other equipment involved in unlawful activities linked to DRS

A suite of enforcement measures should be designed to offer the WERLAs a proportionate set of tools for dealing with relevant offences and breaches of the regulations such as:

- Fixed penalty notices with late payment penalties
- Fines not exceeding the statutory maximum on summary conviction
- Fines on conviction etc.

Likely breaches of the DRS Regulations could include:

- Not registering with Scheme Operator
- Not registering all existing and new products placed on the market with the scheme operator / enforcement body
- Not labelling product correctly
- Not charging a deposit
- Not indicating that the deposit is a separate payment
- Not keeping adequate records
- Selling goods not covered by the DRS
- Not issuing a refund on return

The majority of stakeholders will for the most part comply fully with the DRS Regulations, it is vital however to have a comprehensive set of enforcement measures in place to ensure there are no loopholes, to maximize compliance, achieve targets and provide a level playing field for all producers and retailers.

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

Repak Response

Repak believes that Deposit Return Scheme legislation should clarify the obligations on producers in terms of DRS labelling to include both barcoding and DRS logo placement.

Due to overall market size, large producers usually label and therefore barcode their products for sale on an Island of Ireland (IOI) basis. This maximises economies of scale, reduces packaging procurement and logistical costs for producers and reduces the number of individual stock keeping units (SKUs) held by producers including labels, sleeves and finished products. It also helps to reduce obsolescence issues in the event of packaging changes.

Exceptions such as price marked packs and country specific promotional products will make up a small overall volume of beverage product.

Therefore, the majority of beverages proposed for inclusion in the Deposit Return Scheme (DRS) will easily cross borders between Northern Ireland (NI) and the Republic of Ireland (ROI). Without changes to the present scenario, consumers would receive a refund for the majority of beverage product placed on the market, where such product has been sourced by an ROI distributor or retailer from an NI supplier.

To protect producers in ROI and reduce the impact of fraud on the DRS, Repak is of the view that product carrying an ROI specific (national) barcode and DRS logo would be an essential component of a well-designed DRS. This would ensure that product originating from NI or other markets that is not compliant with DRS labelling requirements can;

- either be accepted for recycling, but without a refund payable to the consumer (as happens in other EU Member States
- or if necessary, rejected depending on the package type

Large producers, who are not currently producing ROI specific packs, will be reluctant to change their packaging for the Irish market where packs are currently shared with other markets, due to the additional cost and complexity involved. Where mandated to by the introduction of DRS legislation, costs incurred are likely to be passed on to the consumer, unless such producer costs are mitigated within the DRS scheme itself.

Therefore, Repak agrees with the DRS Study recommendation that proposes lower producer fees for producers that implement national barcodes / fraud prevention measures. This would help to balance producer costs associated with pack changes, with the need to prevent fraud within the scheme, thereby reducing any potential cost impact for the consumer.

A clear business to consumer awareness campaign will also be required to ensure that consumers are made fully aware of the cost neutral nature of a DRS once they return their containers to participating retailers. Failure to execute this well could increase the risk of consumers purchasing beverages in NI to avoid what they perceive as a higher purchase price.

A number of international brand beverage products that are manufactured by ROI producers, are currently being sourced by some wholesalers and retailers from other jurisdictions and sold in ROI (often referred to by the beverage industry as grey stock). This is

a challenge for ROI producers that reduces indigenous sales volumes of these beverage products.

Clear DRS labelling requirements and robust enforcement of DRS legislation, will help to minimise lost revenue to ROI producers due to this issue by maximising the sale of DRS compliant products that have been produced here.

Penalties for engaging in the sale of beverage products within ROI where a deposit has not been paid should be clearly set out in legislation, along with clear responsibility for inspection and enforcement.

In addition, the introduction of DRS should not lead to the discarding of significant volumes of labels, sleeves and/ or non-conforming beverage products by producers and retailers at the point of introduction. This would result in both significant costs and waste.

It is therefore critically important that there is clarity and communication on any lead in times to full compliance with DRS labelling requirements at least 9 to 12 months prior to the commencement of full DRS scheme operations.

Repak also agrees that strong consultation between the DECC and UK / NI environmental agencies is required to understand the proposed timings for DRS introduction in NI. This should be communicated as soon as practical to allow producers operating across the Island of Ireland to plan for the introduction of deposit return schemes on both sides of the border.

Once the NI system is in place, the feasibility of dual deposit labelling for both ROI and NI could be explored in order to reduce producer costs. However, it is accepted that this may be complex to implement where changes occur in one jurisdiction and not the other.