

—

██████████

—

██████████
██████████
██████████

Smart DRS Industry Working Group response to the Consultation on potential models for a Deposit Return Scheme (DRS) for Ireland

Contact name: Ray Georgeson

Contact email: ray@raygeorgesonresources.com

Background on Smart DRS Industry Group

We are an industry led group set up to explore the potential of a Smart DRS approach as a better alternative to the 'default position' of using reverse vending machines (RVMs) in a country-wide rollout of a new deposit return system. The group is working together to understand how the approach can be applied and improved; help understand the cost implications and liaise with regulators and industry technology providers. The Group includes the following:

- Alupro
- British Glass
- Aldi
- The Co-op Group
- The Wine and Spirit Trade Association
- Bryson Recycling

The group has had discussions with the Welsh government about the potential for incorporating Smart DRS into a DRS system and would welcome the opportunity to have similar discussions with Irish government representatives regarding an Irish DRS.

Position on DRS

Most drinks brands, packaging companies, retail providers, councils and waste management operators find the introduction of a DRS challenging to their business models. Some of our members remain opposed to the proposition of any DRS system and are skeptical that it would achieve the desired outcomes. Members have individually submitted their reasons for this to the consultation.

What is Smart DRS?

The Smart DRS (SDRS) approach uses an app on a mobile phone alongside blockchain technology to enable any recycling bin to become a DRS return point. There are several companies developing similar approaches. The specific example below is based on technology developed by Cryptocycle.

How it Works:

- Producers incorporate a unique QR code into product packaging or label.
- Household recycling bins and on-the-go bins are labelled with a QR code sticker or sign and become authorised DRS points.
- Consumers download the app on their mobile phone.

- Once the recyclable container has been used, the consumer scans the unique ID code on the authorised DRS point and the drink container's unique QR code printed packaging.
- The return point can be any bin, receptacle or reverse vending machine ("RVM"). It can be at home, at work, or on the go, providing it has been allocated a unique ID code.
- During normal household recycling collections, waste collectors scan the tagged bins and the items inside will be recycled normally.
- The app records each transaction on an auditable and immutable blockchain.
- The deposit paid by the consumer is automatically credited to the electronic wallet on their app on completion of the transaction.
- The consumer can decide, via their app, whether to bank the returned deposits themselves or donate to nominated charities.
- A Smart DRS can also be used where there is no deposit payable, such as at festivals, incentivising consumers to return recyclable containers by offering rewards such as retail discounts or charitable 'donations' in exchange for collated Reward Points.



Advantages of Incorporating Smart DRS

The industry group is exploring the potential of Smart DRS as we believe the advantages will include:

- A Smart DRS utilises rather than cannibalises existing, successful household collection systems. Waste collectors continue to carry out their collections exactly as they normally would.
- A Smart DRS takes advantage of well-established consumer behaviour, by reinforcing the use of household recycling bins, on the go bins and recycling centres. This will increase existing recycling rates.
- A DRS system using only RVMs requires consumers to be 're-trained' to recycle differently, to make more effort to gather and return their containers to specific point. A Smart DRS is simply easier for the consumer and will therefore be more widely used and achieve higher recycling rates.
- A SDRS would cost significantly less as investment in thousands of RVMs is not needed.
- While they could still be used if wished, a Smart DRS would not require retailers to operate deposit return points either over the counter or via RVMs. It would also not require householders to carry drinks containers to a return point, and potentially queue up before depositing each item.

- A Smart DRS can achieve better results for reducing litter than RVMs alone due to the ability to authorize multiple authorized DRS points by using standard bins.
- A Smart DRS can be flexible in the materials that can be accepted, allowing additional materials to be incorporated into a DRS system not constrained by the shape of container that an RVM accepts.
- Utilising an app means that information such as where the container was produced, what it contained and the recyclable material it comprises can be recorded. It can record who recycled it and where, and if required, can continue to track its journey post return by the consumer.
- Smart DRS is accessible to remote households or those who do not have access to transport to take their containers to an RVM. It also accommodates changes in shopping behaviour where a higher proportion of shopping is carried out online.
- Smart DRS can be used alongside RVMs to enable consumers who cannot or do not wish to use a smartphone app to have full and equal access to the system.

We do acknowledge that the introduction of a Smart DRS scheme would not guarantee the quality of recyclables in the same way that RVMs can achieve. We also recognise that the quality of recyclables is a critical matter that has been identified in the Circular Economy Package and should be addressed in existing collection systems to ensure that all recyclables collected from households meet the standards required by European reprocessors.

Answers to the Consultation Questions

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

We fully support the centralised, operational model as proposed by the Irish Government. In our experience the following key points are essential for the development of a successful DRS:

- The Government sets collection and recycling targets.
- One not-for-profit deposit management organisation (DMO) or scheme administrator (SA) is appointed by the Government. The body, owned by the producers with representation from other stakeholders, should be a not-a-profit organisation and be operated in a fully transparent way.
- The DMO/SA is fully responsible for achieving the targets.

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

The centralised model is well established and works well in the existing Nordic and Baltic DRS schemes.

We note that a Smart DRS scheme would require the DMO/SA to engage directly with the waste management companies who currently carry out collections. Rather than create a parallel collection infrastructure which requires a separate administration function, it would allow for one

administration body to administer DRS and any new requirements under Extended Producer Responsibility obligations. It means that the targets set for DRS and EPR would be harmonised.

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

As described above, with a Smart DRS system, waste collectors can continue in their integral role of carrying out collections of all applicable materials. This model ensures the long-term viability of existing waste infrastructure. The alternative system, using only RVMs, removes significant valuable materials from the waste collectors business model and casts doubt over whether the existing household collection infrastructure can remain viable. This is due to the reduction of valuable materials and the remaining mix of low value items that are often difficult to recycle in high quantities by themselves.

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?
Smart DRS enables deposits to vary depending on system requirements. It could therefore change according to pack size or configuration (multi-packs) if this was required.

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?

We agree that a well-funded consumer communication campaign needs to be implemented several months before the introduction of the DRS. This should be supported by the brands. We recommend reviewing the campaigns run by the most recently implemented DRS schemes in Lithuania, Estonia and New South Wales.

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

We would recommend comparing the enforcement methods that are required for standard RVM approach (good examples being the Nordic and Baltic DRS schemes), with the benefits of QR codes using blockchain technology. As each item is unique and can only be claimed once, there is no risk of double counting. It is also easier to control the ingress of drinks containers from outside of the region and prevent the creation of empty drinks containers with a bar code purely for the purpose of redeeming a deposit.

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

To the greatest extent possible, the scheme should be harmonised with the scheme being proposed for Northern Ireland. This is especially important considering that post Brexit it is contemplated that the island of Ireland will remain in a single customs union. Providing a harmonised scheme, or a scheme that can be quickly adapted to be harmonised would significantly support cross border trade, mitigate arbitrage, and reduce unnecessary impediments to trade within the common market on the island of Ireland.

A Smart DRS has the potential to offer solutions to the issue of two separate systems on the island. One of the areas the group will be exploring is that a Smart DRS could facilitate the return of deposits on either side of the border of products bought on each side.

Due to the unique geography between Ireland and Northern Ireland, many organisations operate supply chain systems across the island of Ireland. It is therefore critical that the Government supports the design of a Deposit and Return Scheme that gives due consideration to the all-island consumer market as to do otherwise would create significant logistical challenges for supply chains due to the level of cross-border trade and the fact that many beverage suppliers do not produce packs with separate labels for both the Republic of Ireland and Northern Ireland. We urge the Government to consider one, fully integrated system across the island of Ireland or at the very least a dual system with complimentary and compatible functionality.