

Single Use

From: [REDACTED]@cchellenic.com>
Sent: Friday 25 November 2022 12:10
To: SingleUse
Subject: Consultation Response
Attachments: Coca-Cola HBC Single Use Cup Consultation Response 231122.pdf

Good afternoon,

Please find attached a response to strand three of the consultation on single use cups.

Thank you for the opportunity to respond on this issue. We support the Government's initiative but would request that consideration be given to timing for implementation and the level of the levy, given the current cost of living challenges in the sector.

If you would like to discuss any of the issues included further, we will be delighted to engage.

In the meantime, best wishes with your deliberations.

It would be great if you could acknowledge receipt.

Kind regards

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Public and Regulatory Affairs Manager – Island of Ireland



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Coca-Cola HBC Ireland and Northern Ireland

Strand 3 Response to the Consultation on a levy on Single Use Cups.

Coca-Cola HBC Ireland and Northern Ireland (Coca-Cola HBC) is the bottling partner of The Coca-Cola Company on the island of Ireland. As part of our diversified portfolio of beverages, we are the exclusive distributor of the Café Vergnano range of premium coffees. This range, which was introduced to the Irish market in 2022, is primarily sold through cafés, restaurants, and hotels. We also distribute the Costa Coffee at home range. We welcome the opportunity to engage in this consultation.

We would begin our remarks by saying that Coca-Cola HBC is supportive of the government's stance on developing the circular economy. One of the key elements of the Government's circular economy strategy is the creation of a Deposit Return Scheme (DRS) in the Republic of Ireland. Coca-Cola HBC is an active participant in this scheme, is represented on the Board of the operating company and will be one of the major funders of DRS. This scheme will deliver a circular economy for the vast majority of beverage containers sold in Ireland.

The proposed levy on single use cups for hot beverages ('hot cup levy') is the first of a series of measures which are intended to change customer behaviour in relation to single use plastics. Coca-Cola HBC is broadly supportive of the goals of the levy but wishes to make a number of observations in terms of how the Department is hoping to achieve these goals.

Timeline

We understand that the Government is committed to the imposition of a levy. This will be the first such environmental levy to be imposed in a number of years and its success will be important for the broader goals of achieving the circular economy.

In order to achieve a seamless introduction, businesses need time to establish new POS systems, initiate new supply lines, change accounting systems, register with revenue, and to educate consumers.

Sale of coffee has expanded considerably in recent years. There are many different types of vendors who sell hot beverages, from large supermarkets to food service operators, to kiosks and small independent café's, to vendors at events, each of these will have their own complexities to deal with.

We would recommend that the Government take the time to register businesses from early 2023, with a view to rolling out a programme of business and consumer education throughout the year and a launch of the new initiative in January 2024. A campaign to encourage people to use keep cups throughout 2023 can begin to change consumer behaviour.

The SME Test

We are not clear how the SME Test will be carried out and who will participate. The Department website indicates a four-step procedure but does not indicate how businesses might be able to engage in this process.



According to the consultation documents, a key step in the SME Test is *“to establish the extent to which the proposal affects SMEs’ competitiveness or the business environment in which they operate.”*

We believe from conversations with customers large and small, that the imposition of a levy, particularly during a cost-of-living crisis, will significantly impact on their competitiveness and on the business environment in which they operate. This point speaks to the question of timing and the need to maintain the levy at a reasonable rate.

Infrastructure

This levy highlights the challenges that exist in relation to waste management and recycling infrastructure on the island of Ireland. Many businesses have made investment in compostable cups as part of their drive to sustainability. This investment was very much in line with previous Government policy.

The inclusion of compostable cups and recyclable cups in the levy is presumably in part due to the challenge we have in Ireland with recycling such containers.

Further investment in waste management and recycling might open-up a broader range of possible solutions as opposed to the imposition of a levy. It is important that, just as investment has been made in sustainable energy, significant support from the Environmental Fund is given to the development of waste management facilities.

An all – island approach

The NI Executive has recently published details of a consultation on Single Use Cups. A levy is being considered on hot beverage cups in Northern Ireland. On an island of just seven million people, there is merit in considering where policy alignment can be achieved.

The Shared Island programme might provide an opportunity for discussion of how an all-island approach could improve the economic viability of investing in recycling facilities. This applies not only to this issue but also to other projects such as DRS.

Fees

We note the Government’s stated intention that the goal of this levy is not to raise revenue, but to change behaviour. The 20c levy, in the context of a cup of coffee, is a significant charge. It will represent, for many consumers, an 8-10% rise in the price of a hot drink. Given the forthcoming increase in VAT from 9 to 13.5% and the rising cost in energy etc, this is a substantial additional charge.

We would suggest a smaller levy to commence with. 15c was the initial charge on plastic bags and this achieved a very high recycle rate. That 15c was levied in the context of a bag of groceries which could contain 10 or 20 euro’s worth of goods. The level of the levy did not need to be punitive to change behaviour. The UK plastic bag levy when introduced was a mere 5p. Again, this achieved its goals – a 95% reduction in bags issued by major supermarkets.

Given the cost-of-living crisis, it might help avoid public opposition to the levy was moderated to 10c for the first years.



Exemptions

While the draft regulations state that the levy will only apply where there is a point of sale – that is to say that all complimentary or free-serve beverages are exempt – the regulations are silent on any other exemptions. While the goal will be to be as inclusive as possible, there may be common sense exemptions which should be applied. A longer time frame for registration and introduction of the levy would allow consideration of other potential exemptions which might be beneficial.

Conclusion

While we support the broad thrust of the Government's strategy on developing a circular economy, we have concerns about the impact of this charge on small businesses and on the market for hot beverages. We believe that many of those concerns can be addressed by a realistic timeframe for implementing the proposed levy. Ideally, we would favour a smaller levy to commence the scheme.

On a longer-term basis, we believe that there is a need for greater support for the development of recycling infrastructure on the island of Ireland. We would hope that funds raised from this levy would in part help to address this infrastructure gap.

ENDS

25/11/2022