

Single Use

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Attachments: McDonald's Response to Irish Gov's Disposable Cup Levy Consultation FINAL.docx;
McDonald's Response to Irish Gov's Disposable Cup Levy Consultation FINAL.pdf

Good afternoon,

Please find attached McDonald's response to the Government of Ireland's consultation on Disposable Cup Levy.

We would welcome the opportunity to engage further with the department on this important policy and would be happy to provide any additional information on any of the points we have raised.

Best wishes,



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**MCDONALD'S RESPONSE TO THE
GOVERNMENT OF IRELAND'S
Disposable Cup Levy Consultation -
Retailers**
November 2022



McDonald's response to the Government of Ireland's Disposable Cup Levy Consultation

Answers

Question	Answer
Which of the following best describes your business activity?	Hospitality
Please provide a brief description of the nature of your business	There are 94 McDonald's restaurants in operation in Ireland, all of which are owned and operated by 21 local franchisees. McDonald's was first established in Ireland in 1977 and since then has grown its workforce to more than 6,000. All McDonald's beef, bacon, milk, water and eggs are 100% Irish. McDonald's Europe is the single largest purchaser of Irish beef by volume and one in every five hamburgers sold in McDonald's across Europe every year is of Irish origin. The company also exports Irish dairy produce, bacon and eggs into the McDonald's system internationally.
What size is your business?	Large
Do you currently offer a discount to customers who purchase beverages in a reusable cup?	No
Do you think displaying the price of a disposable cup, separate to the cost of the beverage, would encourage customers to use reusable cups?	Yes
Are you aware of deposit and return schemes for reusable cups?	Yes
We are proposing that the levy is introduced at 20c. Which of the following rates do you think would discourage customers from using a single use disposable cup?	20c
What is a sufficient timeframe to allow your business to prepare for charging the levy to customers?	12 months
We are not proposing to include any circumstances where the charging of the levy to customers would be exempt. Can you identify any circumstances where the charging of the levy would not be possible or desirable?	<i>'In what circumstances?' drop down box.</i> Hot drinks that are purchased as a delivery order should be exempt from the levy. There is no practical alternative for a customer to provide their own cup for the drink if it is ordered for delivery. Retaining the levy in the



	<p>case of a delivery purchase would therefore be a charge, not a levy, that would not alter consumer behaviour.</p> <p>We also believe that complimentary drinks should not incur the 20c levy. The intention of the policy is to change consumer behaviour but, in those limited circumstances when complimentary drinks are given out, it would not seem necessary to charge the recipient of the complimentary drink a 20c levy.</p>
The Revenue Commissioners operate as the collection and enforcement authority for the Plastic Bag Levy. Do you believe this is the most efficient and effective way to collect this new levy from retailers?	Yes
The accounting period for the Plastic Bag Levy is three months and retailers file returns on a quarterly basis. What do you think is the most suitable frequency for the new levy?	Quarterly
What do you think are the challenges you will face in implementing the levy? (Select all that apply)	<ul style="list-style-type: none"> • Customer confusion or resistance • Washing facilities • Hygiene or health and safety concerns
What supports would you like to see in place to assist with the introduction of the levy?	<ul style="list-style-type: none"> • Education or awareness campaigns • Guidance on compliance with levy rules • Appropriate waste infrastructure • Assistance with deposit and return schemes

Do you have any other comments in relation to the introduction of this levy?

Introduction

McDonald's is pleased to respond to this important consultation seeking views on the Government of Ireland's Disposable Cup Levy.

At McDonald's, we believe that the future of materials is circular and that we need to close the loop on waste. Our big goal is to make sure that, by 2027, all our restaurant waste is given a second life so that nothing is truly wasted – instead it is recycled, reused, or composted – including the waste from our kitchens.

When it comes to our packaging, we continue to ensure it is both sustainable and functional and to innovate with our suppliers to provide customers with environmentally friendly packaging that keeps their food and drinks safe, fresh and at the correct temperature. None of the materials we use in our



packaging will be from finite resources, and all our primary customer packaging will be recyclable in every restaurant across the UK and the Republic of Ireland by 2024.

At McDonald's, we believe it is essential that any policy intervention does not lead to increased costs for consumers who are already impacted by the growing cost of living crisis and the aftermath of the Covid-19 pandemic.

Paper cups

Our paper cups are predominantly fibre-based with a thin plastic internal coating and can be recycled. Indeed, McDonald's was one of the first high-street restaurant to offer paper cup recycling to customers in 2018.

Paper cups are not a problem to recycle, only a problem for waste companies to separate as they have not invested in the infrastructure to do this. We have proved, through our work with the Paper Cup Recovery and Recycling Group (PCRRG) in the UK, that paper cups can be recycled at paper mills. We have invested in the infrastructure to do this through investing in collection points and incentivising waste companies to collect.

The reason that paper cups are often not recycled is because of a lack of national recycling infrastructure to support this, particularly for on-the-go customers. Therefore, any intervention should be equally focused on improving and expanding Ireland's recycling capacity and capability, so to ensure that the infrastructure exists to provide end of life solutions.

The shift to reusables

McDonald's is interested in understanding more about the opportunities that reusables can bring. However, we know it is not a one-size-fits-all approach and we are concerned about any blanket legislation that could have unintended environmental and economic consequences.

Rigid plastics are the most suitable material for reusable packaging in quick service restaurants – meaning a shift to reuse would significantly increase the amount of plastic packaging on the market. Unless return rates of close to 100% are being achieved, a shift to reuse in a Quick Service Restaurant (QSR) would also significantly increase the amount of plastic waste (and potentially litter) due to the replacement of light paper packaging with heavy rigid plastics.

We know through Life Cycle Analysis that a high number of reuses per item is critical to achieving reduction in waste. However, reuse rates are significantly impacted by return rates, and where we are testing reusable options for customers, return rates are very low. Most of the reusable packaging that is distributed to customers and leaves the restaurant is not returned.

As most of our customers consume their drinks or meals outside our restaurant premises, we lose sight of how reusable containers are used. This significantly complicates the safety and cleaning process as the containers are returned. Just like recycling of food packaging into new food packaging is heavily restricted by food safety legislation, there are risks associated with the reuse of untraced food packaging.

There could be negative environmental consequences of shifting from fibre-based packaging to reusable packaging, such as increased energy and water usage. We are aware that the Joint Committee on Environment and Climate Action has been presented with examples of such a primary-data-based study, which found that reusable tableware, in a Quick Service Restaurant dine-in context, emits 2.8 times more CO₂ and demands 3.4 times more freshwater consumption compared to single-use products, due to the energy-consuming washing and drying phases required. Ramboll have also carried



out an additional, robust study for the takeaway context of a Quick Service Restaurant - and have also determined that single-use paper-based packaging provides a better environmental outcome than reusable packaging. The results show that, in an on-the-go context, switching to reusable alternatives would generate 48% more CO₂-equivalent emissions, consume 39% more freshwater and demand 82% more mineral and resource extraction.

As Europe faces inflation, significant drought, water shortages and looming energy pressures, we believe that policy makers should consider the impact of water and energy usage for reusable packaging that would be needed to serve thousands of customers and outlets. It is also worth noting that there will be significant set up costs for businesses to install appropriate on-site or off-site washing facilities for reusable cups.

Reusables should only be mandated where environmental and economic benefits can be demonstrated, and where high recycling rates cannot be achieved.

RIA Analysis

We were surprised and concerned to read some of the conclusions based within the Regulatory Impact Analysis that has been used to design this policy. The report estimates that the current percentage of reusables used sits at 25% for the takeaway market. It is our view that this figure is drastically overestimating the current use of reusables for hot cups and therefore underestimates the challenge bringing in a levy will have on hospitality businesses in Ireland.

Additional points

- **We have stated 12 months as an appropriate timeframe to allow our business to prepare for charging the levy.** This timeframe is based on what we know now of the levy. Should the guidance in applying the levy change significantly because of this consultation or any other reason, we believe we may need even more time to implement the new policy.
- **We have stated 'Yes' to the question 'Are you aware of deposit and return schemes for reusable cups?'** This is because we ran a pilot deposit return scheme, in partnership with Loop, in six of our restaurants last year. The scheme in Nottingham had very low uptake with an initial 3.5% of customers taking a Loop cup, dropping to 1.1% after 4 months, despite a discount on the hot drink being included. We also only achieved a 50% return rate. We extended the pilot from 6 to 12 months, but the customer adoption rate did not increase above 1% and we had to end the trial. Tesco also ended a similar scheme with Loop after only a few months.
- We would welcome urgent clarification on how the levy will be collected and handled by the Department of Finance. Will this mirror the current process for the plastic bag levy?

We would welcome the opportunity to engage further with the department on this important policy and would be happy to provide any additional information on any of the points we have raised.

McDonald's UK & I