

Colm Lambert (DECC)

From: [REDACTED]
Sent: Friday 7 May 2021 13:56
To: wastecomments
Subject: Ardagh Group Response to DRS Consultation May 2021
Attachments: DRS Response Second Consultation May 2021 V2.docx

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Dear Sirs
Please find attached the Ardagh Group response to the Deposit Return Scheme Consultation. We have submitted the response in bullet point format, believing you may find the points more readily accessible.

Should you have any further comments on this submission or indeed wish to investigate any points further then Ardagh would be very willing to assist.

Best Regards

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Consultation on Legislative Framework and scope of the Deposit Return Scheme (DRS) for Ireland.

Response from Ardagh Group.

Date: 7th May 2021

Contact: [REDACTED]

Ardagh Group is a global supplier of infinitely recyclable metal and glass packaging for the world's leading brands. Ardagh operates 56 metal and glass production facilities in 12 countries, employing more than 16,000 people with sales of approximately \$7bn.

Ardagh accepts the introduction of a well-designed DRS in support of, The Waste Action Plan for a Circular Economy Ireland. We have reviewed the proposed Legislative Framework, for the introduction of a Deposit Return Scheme in Ireland and would like to submit the following for further consideration.

General Observation:

- We feel the Government intention to emulate the deployments of other successful EU schemes will greatly aid the design, configuration and rollout procedures leading to a swifter and more successful deployment.
 - Return to Retail model at its core, with additions for "On the Go" etc.
 - We feel "On the Go" consumption of beverage containers is a critical area to address, for the scheme to realise its objectives.
 - RVM orientated recovery,
 - Suggest maximum size container should be 2lt, smaller sizes have benefits
 - Capture all beverage Cans and vast number of PET containers
 - Simplify the RVM or Bag collection, reducing costs etc
 - Ensure more containers stored in each RVM or Bag
 - We believe a minimum size should be defined, suggest 200ml.
 - No Island solutions - *"Sell one container type accept all obligated container returns"*
 - Very limited retailer exemption
 - Variable Deposit Fees (Larger containers larger deposit principal).
 - Variable Producer Fees – Fees based on "ABC accounting" principles and Net costs calculated by material type.
 - No cross subsidy of materials.
- **Programmes scope confined to;** PET plastic bottles and Aluminium beverage cans will greatly aid the schemes; introduction, costs and engagement levels - key elements to a successful DRS launch.
 - The inclusion of Glass would add significant complexity and significant cost for little to no desirable benefit on recovery rates
 - Collection Targets for Aluminium beverage cans needs to be defined in legislation.

- No specific EU collection or recycling targets exist for aluminium beverage cans.
 - Assumption that; Collection is Recycling. The Systems Operator must publish information to support such an assumption, annually.
 - Third party collection (Kerbside & Waste Management companies etc) may impact on contamination levels, monitoring required.
- **Financing of the Scheme:** We support the proposal to finance the Scheme via a combination of; Unredeemed Deposits, Material Sales and Producer Fees
 - Government to fix variable Deposit level in tandem with Scheme Operator relative to Collection target demands.
 - Consultation states: *“Minister may amend the amount of the deposit if it appears that the revenues returned to the Scheme are exceeding or are insufficient to cover operational costs”*. We believe the only reason the deposit should be amended is to further incentives consumer returns. The Extended Producer Responsibility (EPR) principal must feature. It should not prove “cheaper” for obligated parties to operate within a DRS than within an EPR scheme.
 - It is inadvisable to seek to lower the deposit value, amendments should only increase.
 - Material Sales: “SO” material sale only to parties dedicated to “Closed Loop” principals.
 - Such materials will be in great demand for numerous applications, Closed Loop (container to container) application should be prioritised.
 - All monies generated by the Scheme to remain within the Scheme, for the future enhancement of the Scheme.
 - Deposit charge - VAT exempt.
- **DRS Systems Operator (SO):**
 - Single, “Not for Profit”, entity formed from obligated parties with sufficient financial resolve to establish the scheme.
 - Open and transparent to engender public trust and confidence
 - Ownership drawn from a broad spectrum of obligated parties.
 - Governance structure to accommodate numerous voices
 - Government to define targets and obligations, System Operator to realise such targets and obligations, at lowest costs and greatest efficiency.
 - “SO” should be extended sufficient operational control to ensure fulfilment of their targets and obligation.
 - Including:
 - Setting Deposit level (within Government defined limits). Deposit level is critical to the consumer incentive to return.
 - Setting Producer Fees. To reflect the true “necessary” costs of each **material** (PET & Aluminium): Collection, Sorting and Administration of that material “Net” of own sales revenue
 - Setting Handling Fees to collectors: retailers etc
 - System Operator, should be able to demonstration competencies within the Irish Packaging Recovery and Recycling infrastructure.
 - Carry the support and confidence of Scheme Owners and public.
- **Sales Loss:**
 - As with other such DRS’s (2 Australian Territories and also in Germany) we would anticipate a reduction in total sales, proportionate to the perceived increase in sales price. Action should be taken to limit any such potential loss or shift in format.
 - Positive, clear communication that a deposit is being charged

- Simple, clear and frequent guidance on method of redemption of deposits
 - Separate but clear pricing, highly visible – Sales Price + Deposit
- **Education and Awareness of a DRS and the consumers role within it.** Critical to the successful introduction and fulfilment of a DRS.
 - This should not be understated, generous budget required.
 - High profile national campaign to precede deployment by several months.
 - Positive examples can be gleaned from more recent deployments: Australia, Estonia & Lithuania
- **Remuneration mechanic via Voucher may hinder participation.**
 - Dilutes incentive to redeem the deposit.
 - Consumers perception of Vouchers is poor, usage rates (Cash in) are low which may hinder motivation and participation especially On the Go consumers.
 - Compelled to purchase instore items to redeem voucher: Returning 1 container for €0.20 means spending €1.00 on a bar of chocolate you may not otherwise require.
- **Local Authority/Waste Management Companies returns.**
 - Some containers will continue to be placed in Kerbside bins, Collectors must be remunerated for collection and return of these containers to the “SO”.
 - Options:
 - Full deposit can be paid, if identifiable/legible as a scheme container - or
 - “SO” agrees a specific “Funding Formula” to ensure In Scope containers are returned to the SO for counting and reprocessing.
 - Australian Territory examined various options, their published report may offer guidance.
- **Timings:**
 - We acknowledge the desire to deploy a DRS swiftly but, would caution against acting to swiftly.
 - Many features of a DRS require careful consideration to avoid unintended consequences, which are frequently present.
 - After the appointment of the “SO”, adequate time must be given for the “SO” to define in detail its full operation programme. Following which industry can start to react to pending changes.
 - EU Guidance Document: ***Beverage packaging, deposit systems and free movement of goods. (2009/C 107/01)***
 - advises a 12month “Transition” period from one major scheme to another.
 - Adequate infrastructure, to permit the free movement of goods and facilitate a full returns process, fully functioning from launch date.
 - Adherence to EU Guidance would mean Transition begins once Full scheme details are made public by the “SO”
 - Beverage Can manufacturers suggest 18mths transition to ensure the full logistics chain is correctly managed.
 - Can Labels are printed at the point of Can production with large inventory build to cover peak demand
 - Exhaust current stocks, create new labels and replenish stocks with new variants is protracted.
- **Obligated Parties, of “In Scope” containers**
 - Exemptions very limited: H&S related issues on space, Religious consideration and immediate proximity to others equally obligated.

- Internet and Take Away Delivery services etc: Equally obligated – If collection proves impractical an “Additional” Producer charge should be imposed to reflect the activities of others in recovering their containers.
- HoReCa (Hotel, Restaurant Café) Channels.
 - If consumed on premise no requirement to charge a Deposit.
 - This channel is a large consumer of containers and will require special consideration in any returns process, it must prove both simple and swift.
- **Labelling**
 - Requirement should be kept simple:
 - Scheme Identifier, informing consumer of containers inclusion in the Scheme.
 - EAN Bar Code, RVM identifier for inclusion within the Scheme and product related information.
 - Bar Code would help guard against undue levels of fraud.
 - Netherlands: new DRS introduction is dependant onto the Bar Code
 - Fraud: “SO” to determine if fraud it managed as an operational cost or countered by the imposition of an additional Security Identifier on each container.



7th May 2021