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From: [REDACTED]
Sent: Friday 7 May 2021 14:21
To: wastecomments
Subject: Response on Deposit Return Scheme Consultation on a Legislative Framework
Attachments: Leaf DRS Consultation Response 070521.pdf; Leaf DRS Consultation Response 12112020.pdf

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Good afternoon,

Please find attached Leaf Environmental's response on Deposit Return Scheme Consultation on a Legislative Framework document.

I have also attached our response to the initial consultation.

Should you have any queries, please do not hesitate to contact me.

Best regards

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Leaf Environmental Ltd response on Deposit Return Scheme Consultation Document on a Legislative Framework

Submission via e-mail to: Wastecomments@DCCAE.gov.ie

Date: 7th May 2021.

Managing Director: [REDACTED]



Introduction

Leaf Environmental wishes to make the attached submission in relation the Department of Environment, Climate and Communication (DECC) - Consultation on Deposit Return Scheme Consultation Document on a legislative Framework.

Name

Leaf Environmental Ltd. Contact details are on the cover page to this submission.

Who are we?

Leaf Environmental has been operating since 2001. It is a leading consultancy specialising in Producer Responsibility legislation. It provides project management, audits, advice and support on all PR legislation with a special emphasis on packaging, WEEE & batteries across the British Isles, and increasingly across Europe.

The Leaf Group operates packaging compliance schemes in Great Britain as well as having been a recent member of the Advisory Committee on Packaging that provides advice, guidance and technical support to Defra on policy and legislation around the Packaging Regulations and the recovery & recycling infrastructure in the UK. This puts Leaf Environmental in a unique position of identifying potential conflicts between ROI and UK waste policies and the effects they will have on clients that operate in both jurisdictions.

Opening remarks

Respondents are asked to consider the issues highlighted briefly per section 4 of the consultation and the draft legal framework for the Scheme as set out in the Appendix.

Leaf Environmental understands the introduction of a Deposit Return Scheme (DRS) in Ireland can be an effective mechanism to promote recycling, incentivise people to segregate and return containers, reduce litter, and increase the quality of resources recovered. Much of the detail and supporting information for this response is contained in Leaf Environmental's response to the initial consultation. This has not been included here to save repetition (and paper).

Leaf Environmental is aware that the Legislative Framework consultation document does not have much detail and that it has been written to allow for as much scope for innovation as possible, however for greater support, the members would need to see more detail. In particular, in relation to the environmental and financial benefits of removing valuable material from the established kerbside collection system and requiring a new infrastructure to collect material which is similar for recycling purposes, to that which is already collected, albeit not yet in quantities to meet new EU targets. For example, now aluminium as foil trays from takeaways is packaging that is collected at the kerbside, along with cans, whereas a new system would have a minimal tonnage of aluminium collected at the kerbside and a separate collection elsewhere with a disproportionate added cost for collecting lesser amounts of material separately.

We have concerns regarding the timeline for its introduction, the materials and formats and some of the data modelling for introducing a DRS as it appears to be promulgated in this document. We have



seen no new information or evidence since the initial consultation to support the proposed form of DRS, rather Digital DRS (DDS) has made much progress in the last quarter. Additionally we suspect that there has been significant lobbying for a return to retailer system, political positioning rather than environmental benefit and the porous nature of the border with Northern Ireland has not been addressed. The uncertainty regarding feasibility and effectiveness surrounding what appears to be support for a traditional 20th Century tried and tested Reverse Vending Machine (RVM) based DRS introduction, at what will be significant cost, alongside the risks of potential unintended consequences means Leaf Environmental cannot support the proposal in its entirety at this time.

Leaf Environmental would again urge further patience and await the results from practical study and trial operations during 2021 from a DRS to achieve the best environmental outcome from the proposed DRS. At the time of writing, one pilot study has already been undertaken in Northern Ireland and the results are to be made public shortly. One is planned for north Dublin and another in North Wales in the coming months. We understand the urge to introduce a DRS; however, using the precautionary principle, we would counsel that although a DRS might take longer to research and the technology may take a bit longer to approve, but it will almost certainly will be significantly faster, cheaper and have a lower carbon impact to implement than a traditional solely RVM based system.

As has been noted previously, there is no experience for Ireland to refer to for implementing a nationwide DRS on top of an existing household kerbside collection system. Leaf Environmental understands the complexities and nuances of changing waste and resources management systems. We would suggest that a DRS system that uses household return points, smart on-the-go (OTG) bins as demonstrated in Spain and strategically sited RVMs may be the best solution for Ireland with its well established and successful mix of household kerbside and bottle bank infrastructure.

The framework of consultation is outlined in Sections 3 and 4 covering:-

- Preferred Model
- Producer Responsibilities
- DRS System Operator
- Retailer Obligations
- The Deposit
- Citizen / consumer
- Appendix - Draft Regulatory Framework

Preferred Model

If a DRS is implemented following further feasibility studies (see recommendations further down) then, then Leaf Environmental continues to be of the opinion that a centralised model would appear the most suitable.

The choice of PET bottles up to three litre capacity and aluminium beverage cans is a starting point, but there are other containers that are also to be found in litter. Leaf Environmental would therefore strongly recommend that the logic behind the decision making for choosing these items is made available for transparency reasons. This would also minimise the opportunities for unintended consequences. A process for including other containers would also be helpful.

Ownership by producers is an understandable starting point, however the “system” needs a step change or paradigm shift to move to a greater return on investment and circularity. Leaf Environmental would suggest that allowing a change in compliance process might yield a better result. Not for profit does not always deliver the best value for the producers, the environment or consumers. For example, the approved operator could still be a compliance scheme, but it could be for profit, perhaps with a cap on acceptable profits but with similar obligations as a non-profit one. We have demonstrated this by operating two packaging compliance schemes in the UK for most of the last 20 years.

Producer Responsibilities

Leaf Environmental agrees with the concept that the producers fund the collection of and the sending for recycling of their materials. This can be done following the method proposed in the consultation document.

With regard to the producer, some questions arise:-

- Has the definition been publicised?
- How will a producer know?
- What happens to stock that is on the shelf or in warehouses on the date of implementation?
- How will refillable containers be categorised?
- What obligations do producers outside the Member State, but supplying into it, have?
- What data, and in what format, will need to be captured?
- If there is failure to meet a target, is it the DRS system operator or the producer that is going to be held responsible?
- What will the frequency of data reporting be?
- What body will be the enforcement agency?
- What will the penalties be?
- Who will fund the enforcement?
- What will happen to a producer that is refused membership of the DRS Operator?
- Can a Producer opt-out and do their own thing?

DRS System Operator

Leaf Environmental agrees in part with the concept as laid out of a DRS System Operator. There is a concern that the process for choosing and appointing a System Operator will not be transparent or competitive. As mentioned above, Leaf Environmental is also of the opinion that a for profit System Operator could be more beneficial to the producers and environment than a not for profit one, for example it would be a commercially oriented organisation and consequently more likely to be leaner, more responsive and customer focused than a not for profit one.



With regard to the System Operator, some questions arise:-

- Who will fund the start up?
- Who will fund the infra-structure?
- What is the envisaged go-live date?
- Will the fees be set to cover 80% of the full net cost, or 100%?
- Will the fees be set to cover all litter collection or just from public spaces?
- What requirement will there be to have the material recycled, rather than just collected?
- What will the inter-operability requirements be with Northern Ireland or Great Britain (England, Wales and NI are currently looking at a go live date of late 2024 at the earliest, with Scotland on pause for its launch date. Wales prefers an all-in system, whereas England and NI are open to a final decision on the all-in or just on-the-go)?
- What cost benefit analysis has been conducted comparing installing and servicing on-the-go smart street bins vs RVMs?
- What role will it have in enforcement?
- What actions will it be able to take if there are discrepancies in reporting or claims?
- Will it own the material once the deposit has been paid?
- How will the un-redeemed deposits be used?
- Could a single organisation that operates a closed loop delivery and collection system establish its own system and be its own system operator?
- What is the review or licence period?

Retailer Obligations

Leaf Environmental agrees with some of the responsibilities as laid out for retailers. There is a concern amongst some members that adopting this stance precludes more innovative solutions, such as a Digital DRS.

With regard to the Retailer Obligations, some questions arise:-

- Can a retailer refuse to accept back a container; for example if it is soiled or incomplete?
- Is the retailer responsible for non-target material accepted back?
- Who will define the space requirements for returned items?
- Should all retailers be required to accept returns as it may pose Health and Safety difficulties for some; for example, those that are sited in kiosks in transport hubs?
- How do those that do not have to accept back returns notify the public?
- How will hospitality or events venues treat deposits?
- If an RVM is to be installed externally, will there be additional planning requirements?
- Will additional waste management obligations or licence requirements be placed on the retailer?
- Will additional funds be made available for handling and storage of returned items?
- Will additional funds be made available for reduced sales or parking area?
- Who will own the RVMs?



The Deposit

Leaf Environmental agrees with a variable deposit based on container volume. There is a view amongst some members that if a variable deposit is introduced that some members of the public will be confused. A possible way around this is to incorporate the deposit amount on the till receipt in a manner similar to the visible WEEE fee.

With regard to the Deposit, some questions arise:-

- Is the amount that is proposed going to be enough of a driver to change habits? If not, how much will be?
- Who is paying for the shortfall in the green bin if the target material is being collected a different way – the consumer or the producer or the waste management collector?
- Does the returned deposit have to be cash?
- If a container is returned to a retailer, does the deposit have to be spent at that outlet?
- Will there be VAT on the deposit?
- Will Revenue be responsible for any of the financial monitoring or auditing of the deposit?
- What is the deposit on multi-packs (total volume or multiples of the individual volume)?

Citizen / consumer

Leaf Environmental is of the view that the focus of the system should be the citizen or consumer. Whether it is litter based or increasing return recycling rates, it is their habits that need to change. A system can support that change, but cannot effect it. The evidence would suggest that a DDRS can help support that change and be more environmentally benign than a traditional RVM based one. It should be noted that containers do not litter, but consumers do.

Most consumers have access to segregated household collection services and an unpublished Irish Waste Management Association survey would indicate that the majority would prefer to use the domestic service than make a journey, even if combined with another purpose.

With regard to the citizen/consumer, some questions arise:-

- Is there a time limit on refunds?
- Will those that use public transport, rather than a private vehicle, be dis-advantaged by having to transport their containers back to a retailer in the proposed model?
- What consideration has there been for residents in communal or high rise accommodation?
- What labelling will be required?
- Will the labelling be standardised?
- How will the communications be harmonised with other waste communications?

Appendix – Draft Regulatory Framework

If a DRS is implemented following further feasibility studies (see recommendations further down) then, then Leaf Environmental continues to be of the opinion that a centralised model would appear the most suitable.

Leaf Environmental notes that the Draft Regulatory Framework is of a standard format.

With regard to the draft regulatory framework, some questions arise:-

- Part I
 - To amend the containers that are in scope, what process and timescale is envisaged to change the list?
- Part II
 - Has consideration been given to the timescale that producers need to have to prepare or amend their systems to capture the data required for the DRS?
- Part III
 - What transparency or appeal mechanisms are in place for approving a body?
- Part IV
 - Why does PET need to be recycled to food grade?
- Part V
 - What is the process if membership is refused?
- Part VI
 - How frequently will the deposit amount(s) be reviewed?
- Part VII
 - Where have the functions been outlined?
- Part VIII
 - Where have the penalties been outlined?

End of submission.



Leaf Environmental Ltd response on Deposit Return Scheme Consultation Document on Potential Models for Ireland

Submission via e-mail to: Wastecomments@DCCAE.gov.ie

Date: 12th November 2020.

Managing Director: [REDACTED]



Introduction

Leaf Environmental wishes to make the attached submission in relation the Department of Environment, Climate and Communication (DECC) - Consultation on Deposit Return Scheme Consultation Document on Potential Models for Ireland.

Name

Leaf Environmental Ltd. Contact details are on the cover page to this submission.

Who are we?

Leaf Environmental has been operating since 2001. It is a leading consultant specialising in Producer Responsibility legislation. It provides project management, audits, advice and support on all PR legislation with a special emphasis on packaging, WEEE & Batteries across the British Isles, and increasingly across Europe.

The Leaf Group operates packaging compliance schemes in both Great Britain and Northern Ireland as well as a sitting member of the Advisory Committee on Packaging that provides advice, guidance and technical support to the UK Government on policy and legislation around the Packaging Regulations and the recovery & recycling infrastructure in the UK. This puts Leaf Environmental in a unique position of identifying potential conflicts in ROI and UK waste policy and the effects they will have on clients that operate in both jurisdictions.

Opening remarks

While Leaf Environmental is in agreement with the aims of reducing carbon emissions and litter, it would not agree with implementing a DRS at this point in time as contributing significantly to these aims, for the following reasons:-

- The DRS as proposed does not attend to reducing waste as the first priority, neither by promulgating the need to not require something first, nor is it encourage the use of refill rather than recycling single use containers as a better carbon reduction option;
- We have seen no evidence of a DRS being implemented on top of an existing successful kerbside collection that has significantly increased the collection rates for recycle;
- There is a new technology (blockchain based Smart DRS) trial being undertaken on this island at the time of writing, that is using predominantly existing household kerbside infrastructure. Details¹ are attached to this submission;
- Reverse Vending Machines (RVMs) are old technology;
- RVMs are capital intensive, to be paid for by retailers. The accompanying Eunomia report² suggests a cost of €70.79M, amortised over seven years. Irish ones may be required as other Members States are simultaneously looking to install them, leading to additional costs and delays for implementing the system;
- RVM infrastructure requires resources to build, operate and maintain;
- RVMs may need planning permission and this will take time to go through the process;

¹ Reward4Waste Latest Presentation Nov 4th

² Improving the Capture Rate of Single Use Beverage Containers in Ireland, 2019

- An RVM based DRS will add to the existing Carbon budget in the form of additional collection, infrastructure and operational requirements, while reducing the carbon efficiency of the kerbside collections;
- On its own additionality, a DRS will not meet the increased Circular Economy targets;
- A DRS is mentioned as a possible route for Member States, but it is not mandated as a method to meet the SUP targets;
- On its own additionality, a DRS will not address other plastics required in the SUP Directive;
- A DRS may contribute to collecting less than 10% of all littered waste³ in Ireland;
- A DRS may collect an additional 9,000T⁴ of packaging at a cost of €67M which is more than twice that of Repak's €31,282,988 for collecting 1,008,130T in 2019⁵ – it doesn't seem to represent value for money;
- Even using the net annual cost to producers in the Eunomia report of €20M annual operating costs, it doesn't seem to represent value for money;
- While this additional cost is being placed initially on producers it will ultimately end up being passed on to the consumer, most of whom have very little fiscal headroom at the moment;
- The timescale seems ambitious given the unknowns, external factors and unintended consequences that do not appear to have been scoped thus contradicting the Precautionary Principle that should be guiding environmental best practice;
- The suggestion in the same Eunomia report is that Repak operates the DRS. Can that be clarified? Is a tender or competition process envisaged? We are not aware in any other country where the operator of a DRS is also a PR scheme as we understand that separation is better for independence and transparency; and
- There is not enough detail in the proposed model to merit validation yet.

Consultation Questions

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

Leaf Environmental does not support a centralised model for Ireland as proposed in the accompanying Eunomia Report. It cannot for the reasons outlined in the opening remarks section.

If not, do you favour a:

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

Leaf Environmental does not support a de-centralised or a hybrid model for Ireland as proposed in the accompanying Eunomia Report. It cannot for the reasons outlined in the opening remarks section.

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

According to the Irish Eunomia DRS report, the additional costs to producers, and ultimately the consumers, is estimated at €82M for set up costs and anticipated running costs of €67M per year.

³ Litter Monitoring Body System Results 2019, Tobin

⁴ IWMA submission on DRS, 2020 referencing data from Repak

⁵ Repak Annual Report, 2019



These running costs are potentially ameliorated by unredeemed deposits which are estimated to be 47%, which seems at odds with the target of 90% redemption, €23M of material values (and these are subject to external global forces). The balance is €20M (30% of annual costs) of producer fees. However, some text seems to suggest that the set up cost is also included in the annual costs, but the amount is not detailed.

The Beverage Council of Ireland, Cryptocycle, the Spar in Whitehead and Bryson House, we believe, are the principal partners in the new technology blockchain Smart DRS⁶ based trial referred to above that is being conducted in Whitehead, Antrim. This is a short trial starting 30/9/20 and finishing 19/11/20. It needs to be finished and the results analysed. Two further trials are being planned for Wales in '21. This technology would seem to be available at a price substantially lower than a traditional RVM based DRS, and would seem to have a lower carbon impact as well as it can use much of the existing collection infrastructure.

The financial projections are that it may be a much more cost effective method of collecting recyclate than spending hundreds of millions of Euro that could be better spent on supporting other CO2 saving initiatives such as refurbishing homes or public buildings (which would also save costs and CO2 by reducing the demand for space heating), improving transport options for lower carbon impacts or more support for initiatives such as Tidy Towns.

Using the IWMA⁷ tonnages for the target materials:

PET Bottles: Total collected = 25,490 t/a.

- Uplift from 60.7% to 90% = 29.3% = 7,469 t/a extra recycled;
- 7,469 t/a out of a total MSW generation of 2.8 million t/a = 0.27%

Aluminium Cans: Total collected = c.11,456 t/a.

- Uplift from 73% to 90% = 17% = 1,948 t/a extra recycled;
- 1,948 t/a out of a total MSW generation of 2.8 million t/a = 0.07%

Eunomia weights used in Irish DRS report – PET bottle 30g, can 16g

Eunomia weights used in Scottish DRS report – PET bottle 37g, can 17g

To meet the '29 targets, for the additional 9,417T of recyclate collected this would equate to **€8,707/T** for set up costs and **€7,115/T** for tonnage collection costs to increase from the current rate to 90%. Consequently, in the intervening period, these would actually be higher per tonne rates. It would seem to be poor value for money.

Using the Eunomia weights of 30g for a PET bottle and 16g for a can, this gives us a need to collect an additional 249M PET bottles and 122M cans, or about 371M additional containers. This is equivalent to €0.03 per container in set up costs (for seven years) and €0.18 per additional container to collect. As noted in the previous paragraph, these are to increase the collection rate from current to 90%. It would seem to be poor value for money.

Calculations

Set up cost - €82,000,000.00

Annual Operating cost – €67,000,000.00

Additional grammes of PET (grammes) – 7,469,000,000

Weight of PET bottle (grammes) - 30

⁶ www.reward4waste.com

⁷ IWMA submission on DRS, 2020 referencing data from Repak



Additional grammes of Aluminium (grammes) – 1,948,000,000

Weight of PET Aluminium can (grammes) - 16

Number of additional PET bottles - $7,469,000,000/30 = 248,966,667$

Number of additional Aluminium Cans - $1,948,000,000/16 = 121,750,000$

Number of additional containers - 370,716,667

Cost per additional container for set up over seven years – $€82,000,000.00/370,716,667/7 = €0.03$

Cost per additional container for annual operation – $€67,000,000.00/370,716,667 = €0.18$

Leaf Environmental would recommend that before any commitment to an RVM type DRS in Ireland that the results from the Whitehead trial are analysed so that they could be incorporated into a new proposal to meet the SUP, CE and PW Directive requirements, which should include a trial in Ireland.

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

Leaf Environmental acknowledges the pivotal role that waste collectors have in the existing system, and uniquely that they own the material once collected. If this material is taken from the DMR kerbside collection, then it will have an inflationary effect on black, brown and possibly green bin collection costs, as the material value will have been removed from the waste collectors' remit (and in the Irish context, they own the material, so it has a value to them). This could be offset if waste collectors are provided for by a service fee from the DRS operator for handling any material that comes from the kerbside.

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?

Leaf Environmental would support a pan-British Isles broadly equivalent deposit price to avoid the additional potential for fraudulent claiming of deposits (if using similar packaging). See also the section on NI border issues for references to timing of the potential introduction in the UK.

Leaf Environmental would support the use of differential deposits to avoid the unintended consequence of products moving to different formats, which would be perceived as cheaper. Significantly, this is expected to be glass, large PET containers or different polymer containers.

Leaf Environmental would consider more research and an impact assessment of what the changes in container type and volume essential before a DRS is deemed suitable for Ireland.

Differing rates have been successfully introduced by Scandinavian DR Systems, in Norway (two values of deposit), Sweden (two values of deposit), Denmark (three values of deposit) and Finland (four values of deposit). In these countries consumers clearly understand a system where different pack sizes have different deposit levels.

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?

Leaf Environmental would be of the opinion that the packaging and label manufacturers, producers (design, marketing and operations departments), waste collectors and the container receivers also need to be informed well ahead of any introduction. We suspect they should be informed far in advance of consumers.

We would suspect that a well funded ongoing national campaign is the best way of communicating with the public. For example, continued use of communications by waste collectors as required, consistent use of a platform such as mywaste.ie, and social media pointing towards that as a primary source of



information is fundamental to that success. We would also believe communications would provide better value for changing habits, hearts and minds, rather than introducing a resource heavy DRS.

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

To answer the question Leaf Environmental would ask the following questions: -

- Which enforcement agency/ies will be responsible?
 - Producers
 - Container collectors
 - DRS operator
- What will be enforced?
 - Data integrity
 - Auditing of cash flows and amounts
 - Recyclate ownership
 - Recyclate quality
 - DRS operator
 - Meeting targets
 - TFS and end destination
- What sanctions are being considered, that are appropriate and proportional?
- Where are the funds for enforcement being sourced?

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

The UK is looking at a DRS. Scotland has laid Regulations for a DRS to be operational in July '22. This has been postponed from '21. Defra is expected to consult a second time in Q1 '21 for England, Wales and NI. This is for implementation in '23 or possibly '24, and ideally on a UK wide basis.

However, the UK has yet to determine many operational factors *inter alia*:-

- Appointment of a DRS scheme operator
- How will data be managed?
- How will data be managed between the individual devolved administrations?
- How will the material be managed between the individual devolved administrations?
- If Scotland introduces the Regulations in mid '22, and the rest of the UK has not, what impact will that have on data and compliance costs?
- How will fraud be tackled?

The UK DRS envisages glass bottles to be included in the system, whereas the Irish one does not and this is likely to lead to glass container deposits being claimed in NI on Irish material, and this will affect the recycling percentage that Ireland achieves (as well as costing UK producers more than necessary).

Significantly, the above highlights the need for a co-ordinated approach to this element of policy. If NI introduces a DRS at a different time to Ireland, then that has potential for fraud as well as simple errors. If, as mentioned above, the deposit values are significantly different, then that is likely to exacerbate any movement of material across the border, both legitimately and illegitimately.

End of submission.