

Thursday, 18 June 2015

## Deposit Return System call for evidence

The Aluminium Packaging Recycling Organisation (Alupro) is a not-for-profit company which represents the leading aluminium packaging producers and reprocessors/exporters in the UK. These companies recycle or export around 75% of the aluminium packaging collected for recycling in the UK.

Alupro's role is to ensure that packaging waste recycling targets are met through working with local authorities and other partners, and through public education. Alupro is also the industry body responsible for working with National and devolved Governments on policy issues.

For the past twenty six years Alupro has actively worked in partnership with both private and public sector organizations' in Scotland to increase the recycling levels of all aluminium packaging (drinks cans, foil trays, aerosols, closures etc.).

It should also be noted that we have a full understanding of the workings of European packaging recycling systems including the deposit return systems operated in the Scandinavian countries through our relationship with European Aluminium Association.

*Whilst the aluminium sector does work with DRS in other countries in Europe, **we do not believe that DRS is the right approach for Scotland to achieve its recycling and litter objectives.*** We are not against deposit return systems (DRS) and recognize that they can achieve high recycling rates for beverage containers.

As the national organization representing the aluminium packaging sector, we are surprised that Alupro was not consulted by Eunomia when preparing their report. We note also that other key sectors were not consulted either, these include supermarkets and waste management companies.

Alupro is an active member of the Packaging Recycling Group Scotland (PRGS) and fully supports its aims and objectives.

We welcome the opportunity to formally comment of the possible implementation of a Deposit Return System in Scotland. ***We fully support the evidence submitted by PRGS.***

In addition to the important points highlighted by PRGS we wish to provide the following additional comments on the feasibility report prepared by Eunomia for Zero Waste Scotland (ZWS).

We are also aware of the position paper published by Keep Scotland Beautiful (KSB) and fully concur with their conclusions on the impact of DRS on reducing litter and their proposed alternative approaches.

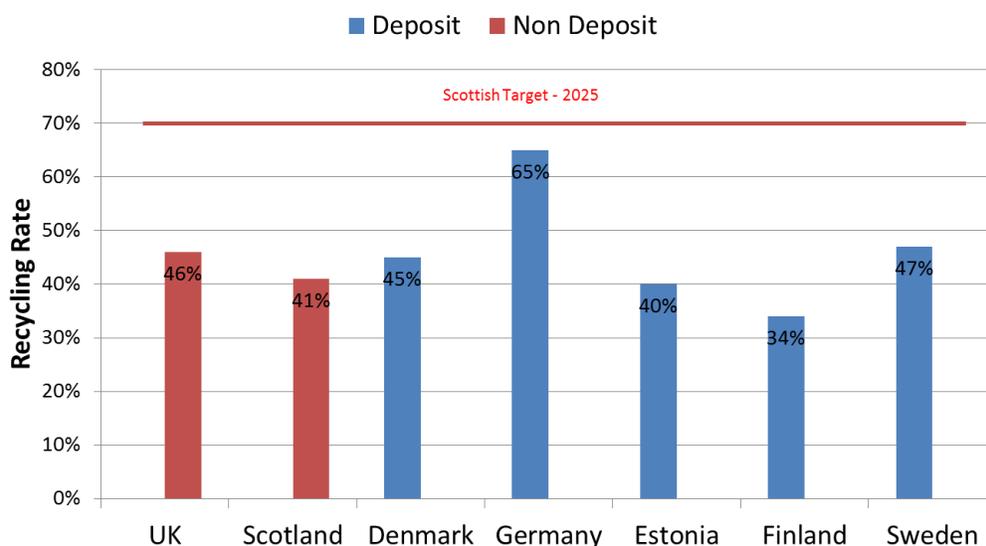
We will therefore focus our comments on the impact on recycling in Scotland.

### Will DRS Contribute to Achievement of The Scottish Government’s Zero Waste Objectives?

The Scottish Government has set itself ambitious targets to achieve an overall 70% recycling rate by 2025.

Whilst the introduction of DRS for beverage packaging may deliver improved recycling rates this will only make a small contribution to the 70% overall target. Even in countries which have had DRS for beverage containers for over 20 years, with the exception of Germany, overall recycling levels are nowhere near the aspirations of the Scottish Government and indeed below the level currently achieved in Scotland.

Total Recycling Rates in EU Countries with Deposit Systems - 2012



In addition, we are aware that the recycling levels of non-deposit metal packaging, including food cans, aerosols and foil trays, are adversely affected by the introduction of DRS systems on beverage packaging.

### Why has the Report Used Outdated Baseline Data?

We note that the report uses baseline recycling rates of 31% for drinks cans and 34% for PET bottles. Industry has provided information to Zero Waste Scotland that the actual rates are around 50%, this data has been accepted by Zero Waste Scotland.

The report published by ZWS undertaken, by Valpak Consulting, on the potential to develop a “Scottish PRN” concluded that the recycling rates were as follows:

Container	Scottish Recycling Rate
Plastic drinks bottles	52%
Aluminium drinks cans	62%
Glass drinks bottles	70%

The figure for drinks cans is in-line with our own figures for the UK which have themselves been independently validated by Eunomia. The UK aluminium drinks can recycling rate was 65% in 2012 and has remained at that level despite an annual increase in sales of 2.5%.

Whilst we accept that the Scottish recycling levels maybe slightly below the UK average, we have seen no evidence to justify the levels indicated in the Eunomia report.

Indeed, it would be safe to assume that the recycling levels of beverage packaging have increased since the requirement for all workplaces to have separate collection of recyclable which became a legal requirement on 1<sup>st</sup> January 2014.

**The Report Ignores the Significance of the Out of Home Consumption of Beverage Packaging Consumed Outside the Home.**

Recent independent research commissioned by Alupro and undertaken by Icaro has concluded that 38% of drinks cans in Scotland are consumed outside the home. Around 70% of drinks cans are purchased in multi-packs at supermarkets and then consumed outside the home, at work or on the go.



Source: Icaro April 2015

The Eunomia report appears to have underestimated the number of drinks cans consumed outside the home. In our opinion it is extremely unlikely that a DRS system will deliver recycling rates for cans in the range 85% to 95% as suggested in the in the report.

It is therefore important to ascertain on what evidence Eunomia have based their assumptions.

From discussions with our colleagues who operate the deposit systems in Scandinavia, we understand that consumption of drinks cans is minimal outside the home and definitely significantly below the levels in Scotland; they therefore make a very small contribution to the overall recycling rates. From discussions with the deposit system in Finland, they have no separate data to derive a recovery rate for the small number cans consumed out of the home, anecdotally they believe it is likely to be significantly lower than for cans consumed in the home.

### **The Impact on Local Authority Costs are Misleading.**

In our opinion the Eunomia report has underestimated the potential negative impact on local authority costs of removing high value beverage packaging from existing kerbside collection programmes.

Following discussions with a number of Scottish Local Authorities it is clear that many of the assumptions made in the model do not represent “reality”. One of the most significant conclusions from our discussions is that removing beverage packaging from kerbside collections will not reduce the number of vehicles required or the frequency of visits, so collection costs will not be reduced.

*As an example, one local authority, covering around 50,000 households, believes that the introduction of DRS will remove an estimated 3,750 tonnes of beverage packaging from their kerbside and bring systems resulting in a loss of income of £121,000 (£2.42 per HH) and no reduction in collection costs. Having recently completed 24% efficiency savings across their recycling services they cannot accommodate such losses. Equally, their recent service changes have delivered an impressive increase in recycling rate - 44% to 57%. The Council believes that the introduction of DRS would mean their overall recycling rate could slip back by 7% to 10% making the achievement of national targets impossible. Within the next 12 months the local authority will be sending all its residual waste for pre-treatment prior to disposal. This means that any metal packaging remaining in the residual waste will be recovered for recycling. This should mean that within 12 months the recycling rate for beverage cans, and other rigid and semi rigid metal packaging, should be in excess of 90%.*

*Assuming this local authority is typical; scaled up to all local authorities in Scotland it means a total loss of income over around £5.3 million with no reduction in collection costs achievable, so a net cost increase of £5.3 million.*

Even if Local Authorities were able to reduce the number of vehicles required, they are likely to incur significant costs for early termination of vehicle lease contracts.

The report identifies the most significant cost savings as the reduction in cost of disposal of residual waste to landfill resulting from increased recycling levels through DRS. However, it does not point out that these cost savings would also be achieved if capture rates of existing kerbside schemes are improved as proposed by PRGS.

### **Has the Impact on Local Authority Contracts with Waste Management Companies Been Considered?**

Many Scottish Local Authorities contract out their recycling services or the disposal of residual waste under long-term contracts of a minimum of five years but sometimes up to 25 years.

### **Forcing Householders to Travel to Recycle Beverage Packaging Makes no Sense.**

A third of all Scots and nearly half of Glaswegians will be forced to travel on public transport, carrying significant quantities of used beverage packaging, when currently they can recycle at home!

Currently over 95% of Scottish households have access to kerbside collections of beverage packaging. This is convenient and doesn't require householders to travel by car or public transport to recycle their packaging. This is not the case with DRS systems, all householders will have to travel to reverse vending machines located at supermarkets and selected neighbourhood stores to recover their deposit.

The UK's kerbside recycling system is the envy of many European countries; indeed none of the Scandinavian Countries had a kerbside recycling system at the time they introduced DRS.

Replacing a convenient recycling system with one that relies on householders travelling to recycling points is a backward step and makes no sense from either an environmental or cost perspective.

Only 69% of Scottish households have access to a car, and in the largest city, Glasgow, 47% of households do not have access to a car.

The challenges faced by consumers living in the many remote rural areas of Scotland to claim back their deposit would be even greater.

### **Why has the Comprehensive Study undertaken by ERM been completely ignored?**

In 2008 Defra commissioned a report investigating the potential of UK wide DRS system. The report was undertaken by ERM.

ERM concluded:

- It is not disputed that a deposit scheme would increase recycling, but alternative schemes could achieve the same or better results at a lower cost.
- Deposits could be seen to impose an additional cost to householders who are not easily able to participate.
- It is likely that the majority of materials collected through a deposit scheme would be diverted from the existing household collection schemes, rather than being new material that is not currently collected.
- Deposits would require the development of a new tranche of infrastructure to collect and store the packaging at retailers, while reducing the usage of the existing kerbside collection infrastructure.
- Deposits may make a contribution to reducing litter, but, for 'on the go' packaging, it is thought that the major impact would be to divert packaging from waste bins to recycling bins.
- A deposit scheme would have to be carefully designed, in order not to fall foul of legal requirements to be proportionate and non-discriminatory, and in order not to encourage producers to change their choice of packaging material.
- If Defra decided against introducing a deposit scheme, there are alternatives that might achieve the same goal of increasing recycling and recovery of packaging waste. ERM makes two specific suggestions on this matter:
  - Further funds could be invested in kerbside collection infrastructure. Households are increasingly familiar with these schemes, and much of the infrastructure required is already in place.
  - Those funds could be provided, at least in part, by changes to the PRN system. Of the suggestions listed, splitting targets according to primary, secondary and tertiary packaging might be the least problematic.
- Finally, voluntary schemes at large events have proved highly effective in combating littering of the cups on which deposits had been placed, and could be further encouraged.

### **The ZWS Recycle and Rewards Project Report Does Not Make a Strong Case for DRS.**

We attended the workshop held in spring 2014 and have reviewed the recently published report. In our opinion the results of the "recycle and reward" project do not make a strong case for a Scotland wide DRS system.

We note that a detailed cost benefit analysis for the individual trials was not published. We have therefore calculated that the average cost of the trials (annualized) was nearly £13,000 per tonne of material collected. This is clearly not sustainable option to boost recycling performance.

At the recent DRS workshop held at Heriot Watt, the University deposit trial was "hailed a success"! The report shows that on average it recovered only around 56% of cans and plastic bottles, a long way short

of the 85% to 95% average national recovery rate assumed by Eunomia in their report. This is in an environment which is relatively convenient and where recyclers were not required to travel in a car or by public transport to obtain a refund of their deposit.

It is also safe to assume that the demographics of the students at Herriot Watt are not representative of the Scottish population.

Alupro is fully committed to support the Scottish Government's ambition to reduce litter and deliver a step change in recycling, but is firmly of the view that the implementation of DRS is not the most cost effective way to deliver the objectives. Indeed whilst having a minimal impact on litter it could actually undermine the achievement of the 70% recycling target in 2025, whilst incurring a significant additional cost burden on consumers, businesses and local authorities.

The development of a robust strategic partnership between the private sector and local authorities would be a more effective and cost efficient method of achieving the Scottish Government's objectives.

Yours faithfully

A handwritten signature in black ink that reads "Rick Hindley". The signature is fluid and cursive, with a long horizontal stroke extending to the right from the end of the name.

Rick Hindley  
**Executive Director**

## Alupro Member Companies

