

## **BSDA's response to Zero Waste Scotland's Deposit Return System call for evidence**

The British Soft Drinks Association (BSDA) welcomes the opportunity to respond to Zero Waste Scotland's call for evidence on the suitability of a deposit return system in Scotland.

BSDA is the national trade association representing UK producers of soft drinks, including carbonated drinks, still and dilutable drinks, fruit juices, smoothies and bottled waters. BSDA members are responsible for the vast majority of products on the British soft drinks market.

BSDA is one of the 33 organisations that make up the Packaging Recycling Group Scotland, PRGS, which believes that a Deposit Return System (DRS) will undermine existing efforts to tackle litter and increase recycling, and that this is not the right approach for Scotland. Instead, the group offers an unprecedented alternative to tackle litter and to achieve a beverage container recycling rate of 80% by 2025, exceeding government targets. For more information, and to read its proposals visit [www.prgs.org.uk](http://www.prgs.org.uk). We fully support the PRGS response to this call for evidence and its' proposals.

### **Why DRS is not the right approach**

The soft drinks industry firmly believes that the introduction of a DRS in Scotland would be an ineffective and counter-productive method of increasing recycling rates and reducing litter. The solution lies with improving the current kerbside scheme, tackling litter through creative communications initiatives, and increased provision for recycling and litter bins out of the home.

Whilst we do believe that there are some potential benefits from closed loop, small-scale deposit return systems, such as at festivals, we do not feel DRS is the right approach in Scotland where an established kerbside scheme is already in place.

Introducing a deposit scheme in Scotland would:

- Undermine kerbside collections, diverting valuable material away from Local Authority waste collections
- Disproportionately increase costs to consumers, manufacturers and retailers
- Be inconvenient and confusing for consumers
- Only target a small proportion of litter

### ***Eunomia's A Scottish Deposit Refund System Report***

The soft drinks industry supports measures to protect the environment when these are based on comprehensive environmental investigation and produce the best possible environmental outcome.

We do not believe that Eunomia's report *A Scottish Deposit Refund System* has effectively investigated the impacts of a DRS and therefore should not be used to inform policy.

- Detailed engagement with key industry stakeholders, such as Local Authorities or waste management companies, did not take place.
- Eunomia did, however, consult with TOMRA (a Reverse Vending Machine manufacturer) which has a vested interest in the development of a DRS in Scotland. RVMs are expensive machines, and RVM manufacturers would no doubt benefit significantly from a DRS being introduced.
- The consultants also discounted AG Barr's returnable bottle scheme that is still in operation. Whilst this scheme differs from that proposed by Eunomia, it is still important to consider, as it illustrates the participation levels of consumers who make a conscious decision to choose containers with a deposit. Despite efforts to keep the system working, including increasing the deposits from 20p to 30p in 2008, many consumers still don't claim back the deposit. In 2012, the government included glass in kerbside collections resulting in the return rates dropping from 65% to 57% and it has continued to drop to 54% where it is today. Eunomia stated in its' report that there is the potential to reach a return rate of around 85-95% with a 10-20p deposit in Scotland, but it is unclear what these figures are based on.
- The report, whilst including information about DRS in selected countries, did not assess countries that have carried out impact assessments of DRS and rejected them – Czech Republic, France, Ireland, Poland, Spain and Switzerland.

## Sustainability in the soft drinks industry

Soft drinks manufacturers have always sought to reduce their environmental impact and use resources more efficiently. Packaging is a key area of focus and industry continually strives to ensure that packaging is easily recyclable.

- Lightweighting of all formats of packaging has been carried out for decades and drinks manufacturers and packaging suppliers continue to seek opportunities to take this further.
- Soft drinks packaging is amongst the most recyclable of all materials collected.
- In supporting Courtauld 3, soft drinks companies join some of the biggest brands, manufacturers and retailers aiming to further improve recycling and recyclability of packaging.
- The leading soft drinks companies are signatories to the on-pack recycling label<sup>1</sup> scheme (OPRL), which provides consumers with more consistent information on what can and cannot be recycled.
- WRAP worked with key industry players, including soft drinks companies, to develop the PET bottle categorisation tool<sup>2</sup> which helps companies identify quick wins to improve the recyclability of their PET bottles. Signatories of BSDA's Soft Drinks Sustainability Roadmap<sup>3</sup>, which is supported by Defra, have committed to benchmarking PET bottle recyclability each year to ensure that the whole sector is helping to increase quality and quantity of PET that can be recycled. Results to date can be seen below:

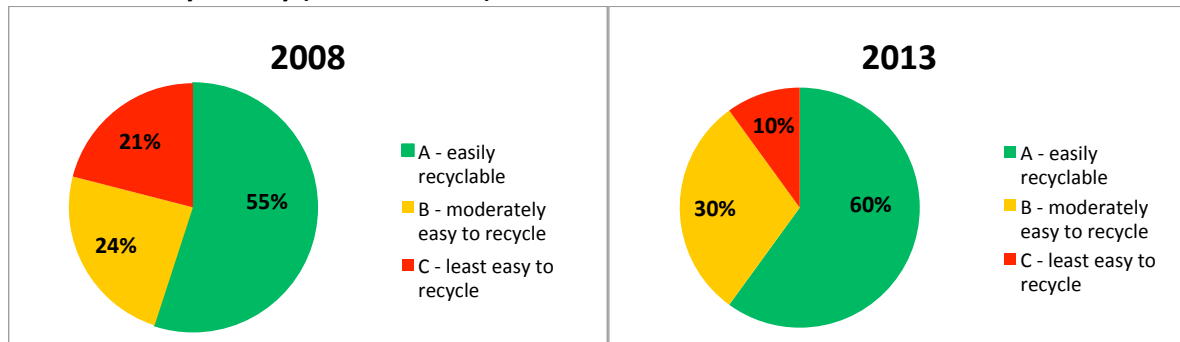
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<sup>1</sup> <http://www.onpackrecyclinglabel.org.uk/>

<sup>2</sup> <http://www.wrap.org.uk/content/pet-bottle-categorisation-tool>

<sup>3</sup> <http://www.britishtsoftdrinks.com/Soft-Drinks-Sustainability-Roadmap>

## PET Bottle Recyclability (Source: WRAP):



## DRS: Undermining kerbside collection

Effective kerbside collection schemes are considered by many to be the best environmental option in addressing the recycling and recovery of packaging. They focus on a range of materials rather than just certain containers, therefore achieving greater economies of scale. A deposit system on drinks containers would only tackle a small percentage of household waste. Kerbside collection captures far higher volumes of waste across all material categories and are simpler to operate, going with the grain of consumer behaviour rather than against it, which is why they are recognised to be more effective.

DRS would undermine the success of local authority kerbside collection diverting the most identifiable, easily sorted and valuable materials away from cost effective kerbside collection by local authorities.

Drinks containers have a relatively high scrap value compared with other recyclables and a deposit scheme would mean that local authorities would lose this value whilst still incurring similar collection costs (primarily labour and transport) collecting a smaller amount of lower value materials.

The cost of emptying litter bins and street sweeping are unlikely to decrease significantly with a DRS because other litter, such as newspapers, cigarette packets, chewing gum etc will still need to be dealt with. Anecdotal evidence suggests that deposit schemes actually increase littering with people emptying bins in order to find containers to claim back the deposit – invariably the other items littered would not be picked up afterwards.

## DRS: Impacts on the consumer

A deposit scheme is effectively a time tax on the consumer. It is not reasonable to expect people to queue up to reclaim a deposit on every item of recyclable drinks packaging, particularly if they are already used to the convenience of a kerbside collection system.

Eunomia's proposed DRS in Scotland includes drinks cans, bottles, cartons (glass, metal, plastic and paperboard), and includes alcoholic drinks, possibly milk and potentially even food products, as well as soft drinks. This scope is wider than anywhere in Europe and would be a significant inconvenience to the householder – particularly those who already take the trouble to recycle at home.

Consumers are likely to be confused by which containers carry a deposit (needing to be stored separately at home before being taken back to store) and those which can be recycled by the local authority.

The older generation, those without access to transport, and lower income families are likely to be at a disadvantage as it will be more difficult for them to take the empties back to store, meaning they will lose their deposit.

A DRS is likely to result in affordability issues, as the average cost of containers in the scheme is likely to increase above the 10-20p deposit. This would be due to additional costs passed on to the consumer including higher production and handling costs and provisions to discourage fraud. These increased costs will create issues for those with less disposable income, in maintaining their weekly shopping basket if they have to pay a deposit on soft drinks, milk, beer, fruit juice, wine, squash etc, on top of lost deposits for those unable to take their containers back to store.

In November 2012, CCE commissioned a report from consultants ERM. The report estimated that £87,000,000 or £36.50 per Scottish household would be 'lost' in unclaimed deposits.

## DRS: an expensive way to recycle

DRS would result in increased prices throughout the supply chain. The burden on small retailers would be considerable. For example:

- They would have to collect and store containers and refund deposits on behalf of the manufacturer, leaving them 'out of pocket' until the system has processed their claims.
- The impulse buy sector does not have the space required to store containers and it would be impractical for them to manage.
- There would be a significant increase in vehicle movements as pick-ups would be needed on a regular basis for retail outlets. This would add to congestion, hinder efforts to improve air quality and would be counter to efforts to reduce climate change impacts from transport.
- Additional administrative burdens.

Eunomia's report states that TOMRA charges £30,000 per RVM plus £2,000 for installation, which would mean an investment of £86.4 million for the 2,700 machines the report states would be needed.

A DRS would need some form of labelling system to identify products within the scheme. Eunomia suggests two labelling options:

- A Scotland-specific label and barcode quoting costs of £1.2 million for increased warehousing. However, it does not acknowledge that a significant increase in SKUs (Stock Keeping Units) would be required to accommodate special Scottish labelling requirements. This would impact on the efficiency of the packaging line of manufacturing plants. This would have knock on effects down the supply chain with distribution and stockholding problems for retailers, and the potential for increased costs of goods.
- A UK-wide label, which most producers would opt for as approximately 75-80% of brands are sold UK-wide. However this would create issues with fraud as drinks bought in England could take products to Scotland to claim the deposits. This has been the case in other countries such as the US where it was found that \$30 million was being claimed for illegal redemption in California each year.

Any labelling system would need to use expensive counterfeit-proof inks in order to prevent or minimise fraud. Costs could potentially be passed on to the consumer.

**Whilst we recognise that more needs to be done in Scotland to increase recycling rates and tackle littering, the BSDA believes the simplest, most cost effective and environmentally sound way to do this is through developing and improving existing kerbside recycling and harnessing the communications and marketing expertise of companies such as those within BSDA membership, to influence and change consumer behaviour.**