



## **Deposit return System call for evidence**

### **Reponses from Ball Packaging Europe**

Ball Packaging Europe is the European subsidiary of Ball Corporation one of the world's leading packaging producers providing metal packaging on all 5 continents. Within our 20 European facilities we employ some 3,000 people, 4 plants are UK based. We have a vast experience and in depth working knowledge of numerous Packaging Recovery systems, including Deposit systems as we operate within most of the world's DRS systems. This experience, we feel, provides a comprehensive insight into the strengths and weaknesses of these various system. Such insights have guided Ball's conclusions on the Scottish Governments "Call for Evidence" on the Eunomia feasibility study for a DRS in Scotland.

We know the bold determination of the Scottish Government in seeking to promote a more "Circular Economy" within Scotland and the setting of demanding targets – 70% by 2025 – to help realise this objective.

#### **Eunomia Study:**

This feasibility study is, we feel, insufficient for any form of robust assessment to be made on a DRS's suitability to address the concerns of the Scottish Government. It is certainly insufficient to fully assess the potential impacts on the Recycling and Recovery Infrastructure and Litter concerns of Scotland.

#### **Summary of concerns:**

- It lacks a robust returns "model" from which a through "Impact Assessment" can be made and a full cost benefits model properly determined.
- It failed to consult sufficiently widely to determine the potential impact on the various involved sectors; Local Authorities, Retail, Fillers and material sectors etc.
- It offers no supporting evidence as to how Recovery Rates of 85% - 95% will be realised from the current circa 60% level.
- It significantly underestimates the "Set –Up" costs of such a universal system throughout Scotland.
- It fails to properly consider the wider impact and unintended consequences on Local Authority Waste Collection Systems (Kerbside) – and the impact on Overall Recovery Targets that will result.
  - Failed to realise the removal impact of the most valuable fractions from Kerbside collection and recognise that it would trigger all the Local Authorities Waste Management; Collection and Sorting contracts to be revisited - resulting in increased cost of collection and sorting.
- It fails to sufficiently consider Consumer Interaction and their role and engagement in such a DRS.
- On Litter it fails to evidence how Litter will reduce and, more critically, how DRS will change Littering behaviour.
- Fails to correctly assess the impact of additional costs which the consumer will ultimately cover: Logistics, labelling, infrastructure & Fraud.



- Failed to critically assess the numerous, other similar countries to Scotland, that have previously assessed DRS and rejected them (Ireland, France, Netherlands, Czech Republic, Switzerland and Latvia etc).
- Failed to critically assess the 2008 ERM study commissioned by Defra on Packaging Return Systems and there potential benefits in aiding recovery.
- It even failed to consider the only DRS example still operating in Scotland – AG Barr’s – voluntary DRS which, despite the apparent public desire for DRS, sales of this format continue to declining.

## Conclusion:

Having considered the options we believe that DRS is an inappropriate instrument for Scotland to realise its ambitious Recycling goal of 70% recycling by 2025.

The reasons for this consideration being numerous but fundamentally - to realise such demanding objectives the selected system must target “ALL” source and fractions of Household Waste, or it will fail. This is best realised via a well-functioning Kerbside system that educates and informs householders on the benefits and merits of recycling. The PRGS submission in April 2014 displays creative and engaging ways to engender greater participation and engagement within the current built Kerbside infrastructure, helping Householders to value and respect the task they are required to undertake as good citizens. Only via this enlightened view will the Scottish Governments goals be realised. The PRGS proposal would dovetail seamlessly with the CosLa proposed “Recycling Charter” magnifying the impact. This approach would also be the most appropriate for of address for the challenge of Litter – we must seek to address ALL sources of litter not just one easy fraction. Litter breeds Litter, it is the behaviour we must challenge and change.

## Our Concerns:

**Legal Framework** (*EU Beverage packaging, deposit systems & free movement of Goods 08:05:2009) C 3447 final*)  
( *EU Court of Justice 14:12:2004*) :

- EU Court of Justice - DRS are considered as a Trade Barrier and are allowed only as an exception. Their necessity, appropriateness and proportionality must be strictly justified on a case-by-case basis.
- Member states concerned must ensure that there are sufficient number of return points so that consumers who have been charged a deposit – can recover the deposit even if they do not go back to the initial place of purchase.
- EU Law specifies a “Seamless Transition” from one system to another with “MINIMUM” 12 months notification period.

## These EU rules would mean:

- o “Universal provision” of returns infrastructure from Day 1 – from Glasgow to Shetland isles, no exceptions.
- o Infrastructure provision for every outlet selling Beverage containers, larger consumer points such as supermarkets may install RVM’s but the vast majority of other recovery points would be smaller and could not afford RVM’s, including Pubs, Kiosks and Restaurants etc ! They would require a bag provision returned to regional automated counting centres.



o Launch Timings some 3 years plus - Currently only Feasibility has been assessed, system needs to be robustly modelled, costing solutions defined and agreed, by all actors. Impact assessments developed, full consultation undertaken and a 12 months grace period.

### DRS Performance insufficient for Scotland's needs:

DRS is an outdated concept as it only targets a relatively small fraction of total waste, such systems are vastly inferior to modern holistic "Kerbside" provision and "MRF" sorting of the type built and operated by the Scottish Local Authorities network that captures all types of HH waste, economically.

Countries, such as Sweden, Norway, Finland & Denmark, having relied upon DRS previously, are ALL now realising their limitations, their "Total Recycling Rates" are below the level of the UK currently (2012 Eurostat data chart below). They now realise high recycling rates can only be achieved by well-functioning Kerbside system that capture ALL material fractions from all sources.

Moreover starving the Kerbside system of their most valuable fractions can render Kerbside scheme unprofitable or increase collection costs. Removal of Beverage materials from Scottish Kerbside systems will, at the very least, force ALL Local Authority contracts held with Waste Management Companies, for both Collection and Sorting, to be reviewed at added expense to the householders.

- If Scotland wishes to realise its recycling objectives then well-functioning Holistic Kerbside for all material is the only cost effective solution.
- DRS typically targets around 20% of total waste (beverage fraction), yet 60% of beverage packaging is already collected, effectively it would only targeting some 10% of total waste.
- WMC will force renegotiation of **all Collection and Sorting contracts** following removal of the most valuable fractions.



Overall recycling rate														
	1998	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Austria	65%	69%	64%	66%	64%	66%	67%	68%	67%	68%	67%	67%	66%	66%
Belgium	64%	63%	71%	70%	74%	76%	77%	79%	80%	79%	79%	80%	80%	80%
Bulgaria							31%	35%	55%	50%	46%	62%	65%	67%
Cyprus						22%	11%	25%	26%	34%	42%	50%	52%	
Czech Rep.				29%	51%	56%	59%	63%	66%	67%	69%	70%	70%	70%
Denmark	50%	56%	57%	57%	54%	53%	53%	56%	57%	60%	84%	84%	54%	63%
Estonia						34%	40%	46%	50%	44%	57%	56%	63%	61%
Finland	45%	50%	47%	49%	41%	40%	43%	49%	52%	57%	56%	55%	59%	59%
France	42%	42%	44%	45%	48%	51%	53%	55%	57%	55%	56%	61%	61%	65%
Germany	80%	78%	76%	74%	71%	70%	68%	67%	67%	71%	74%	73%	72%	71%
Greece	35%	33%	33%	33%	33%	37%	42%	43%	48%	44%	52%	59%	62%	59%
Hungary				35%		43%	46%	49%	46%	51%	51%	59%	59%	49%
Iceland												36%	46%	
Ireland	15%	19%	27%	35%	51%	56%	56%	55%	61%	62%	65%	66%	71%	74%
Italy	32%	38%	46%	51%	51%	53%	54%	55%	57%	60%	64%	64%	65%	67%
Latvia						46%	47%	42%	40%	47%	45%	49%	51%	51%
Liechtenstein								49%	49%	47%	50%	46%	49%	44%
Lithuania						33%	33%	37%	43%	52%	58%	60%	62%	62%
Luxembourg	42%	45%	57%	57%	60%	61%	63%	64%	63%	64%	61%	66%	68%	68%
Malta						6%	8%	11%	10%	46%	36%	29%	42%	47%
Netherlands	62%	59%	56%	57%	56%	59%	59%	70%	70%	72%	75%	74%	72%	69%
Norway								70%	68%	55%	53%	57%	58%	56%
Poland						28%	30%	37%	48%	43%	37%	39%	41%	41%
Portugal	35%	31%	38%	36%	38%	41%	44%	51%	57%	61%	60%	56%	58%	57%
Romania							23%	29%	31%	34%	41%	43%	50%	
Slovakia					36%	38%	30%	36%	61%	48%	60%	46%	62%	68%
Slovenia						34%	45%	40%	47%	52%	50%	61%	64%	67%
Spain	34%	40%	44%	44%	43%	47%	50%	54%	56%	59%	60%	62%	64%	67%
Sweden	75%	58%	63%	65%	60%	50%	48%	58%	59%	59%	59%	54%	57%	57%
UK	28%	40%	42%	44%	47%	50%	54%	58%	59%	62%	62%	61%	61%	61%
EU-27							55%	57%	59%	61%	63%	63%	64%	
EU-15	47%	51%	53%	54%	54%	56%	57%	59%	61%	62%	65%	65%	65%	67%
EU-12							34%	40%	47%	46%	45%	47%	51%	

## DRS increasing costs to Consumers and to Industry.

Report is insufficiently robust in identifying the true costs of implementing such a system. It suggest only 2700 RVM's will be required, but makes no mention of the Universal provision from day 1 (required by EU law) meaning every outlet will be required to collect and return ALL deposit containers from Restaurants to corner shops and Kiosks. They would require a periodic "Bag Collection" using milk round vehicles to return such containers to a regional counting centre for verification and remuneration, Denmark operates 4 such regional counting centres. The cost of such infrastructure is significant using automated counting machines. Nor was the cost of setting up an automated nationwide "Clearance House" properly considered; register users, organise logistic and reimburse redeemed/unredeemed deposits for circa 2.5 billion containers per year, the "Clearance House" would require very specialist computer software for such a significant undertaking.

Studies from numerous countries evaluations concluded that DRS is the highest cost option, the most recent being Latvia; concluded set-up costs of £7-£9.50 per capita and an annual cost of £4.50 per capita. Scotland, with circa 5.3 million population and greater GDP (approaching 3 times greater GDP per head of capita), should be fully cognisant of these financial impositions.

Fraud is a further significant added cost to any DRS, particularly with such open borders as Scotland. The creativity of fraudsters is staggering, the only practical counter measure is high security marking which is restrictive and expensive. Beyond the cost of such marking this would require Scottish specific packaging, doubling the current number of SKU's and the logistic provision required.

- RVM's 2700 machines at £32,000 each is £86 million



- o Several Regional Counting Centres, significant cost.
- o Central “Clearing House” capable of processing circa 2.5 billion transactions per year.
  - Numerous studies concluded DRS is the highest cost option of any proposed system.
- o Space within Bars, Small shops and Restaurants to store Bagged return containers.
- o Logistics provision to manage returns of circa 2.5 billion beverage containers per year.
- o Security marking of ALL Beverage containers.
- o Branded products; Double SKU’s and Logistics provision.

**Consumer Inconvenience and Cost;** This area is one that is particular difficult to assess yet typically proves the most significant with the greatest and most punitive burden generally penalising the least able and/or lower income household most.

- o Deposit would apply to a broad array of weekly goods.
- o Consumers must store their empties returning periodically which would require a vehicle journey.
- o Consumer would pass they Household Recycling Bins to seek a shop that accepted all their empty Deposit paid containers.
  - Consumers become disenfranchised and consider themselves “Outside” of the system.
- o Returned most likely to larger stores to ease the burden – smaller stores would suffer.
- o The elderly, disabled and low income families would find such procedures most punitive.

## Impact on Recycling

Valpak’s paper for Zero Waste Scotland on the adaptation of the current PRN system highlights current returns rates of up to 60%. Whilst many DRS realise high recycling rates certain others do not, typically higher recovery when householders are familiar with such returns methods or return of refillable – no such familiarity exists for Scottish consumers. The most recent example of DRS implementation being Hawaii in the US, after 10 years of running a DRS are still recording recycling rates below 80%. Within Scotland the A.G.Barr DRS, the UK’s only remaining DRS, was not referenced, this voluntary system does not realise returns much above 50%, on a 30p deposit, below the national recycling rate. The Eunomia feasibility study offers no evidence for its assumption that Scotland returns rates would yield 85% - 95% within the first year or indeed if at all.

## Litter Abatement:

Litter breeds Litter – to irradiate it we must address ALL sources of Litter not simply Beverage related litter, Eunomia’s own assessment being 40%,(KSB assessment circa 20% - 25% numerically) by weight, how is the balanced addressed ?

Ball commissioned a paper on “The Impact of Mandatory Deposits on Litter Clean-Up Costs” (Paper attached) this paper analyses all the available information on Litter Clean-Up costs from DRS around the world.



Whilst no concrete “before and after” case studies exist the consensus of opinion, principally from Australia, is that Litter Clean-Up costs post DRS implementation reduce by circa 5%. This is because all other sources of litter remain and must be collected as previously. Strong anecdotal evidence exists that homeless people scavenging for deposits containers empty the contents of litter bins to access such containers.

The current recycling rate for plastic bottles in Scotland is 51% . These figures comes from Waste Date Flow and Recoup. Using these figure the quantity of plastic bottles unrecycled in Scotland and potentially available to litter has reduced from 35.2ktonnes to 18.9ktonnes, which is an annual reduction of 9%. If marine litter has significantly increased during this period it would suggest that there is no link between recycling rate and littering or there are sampling issues in the marine litter surveys.

- Litter breeds Litter – we must target and eradicate ALL sources simultaneously.
- Strongest evidence suggests Litter Clean-up costs would reduce by circa 5%.
- No correlation between PET bottle increase Recycling rate and reduction in marine litter.
- No evidence that the “Litter Loots” behaviour would be changed by a Deposit.
- Anecdotal evidence that bin scavenging creates more litter by those pursuing Deposit containers.

### Assessment:

Taking due regard for the concerns raised within this evaluation of the Scottish DRS proposal we can only conclude:

- The proposal will not realise the ambitious recycling targets that Scotland has set itself. No Scandinavian DRS country does.
- The costs of implementing a DRS would be significant higher than proposed and disproportionate, falling most acutely on the least able to pay.
- DRS impact on Litter cannot be accurately determined, strong suggestion that it would be minimal.

Yours Sincerely

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Ball Packaging Europe.