

**Preliminary views on the Waste Reduction Bill 2017.**

**Joint presentation to Oireachtas Committee on Communications, Climate Action and Environment  
by Ibec and two of its affiliated trade associations.**

Madam Chairperson, Deputies, Senators,

**Ibec** is the largest business representative organisation in Ireland, with over 7000 corporate members across all sectors. This submission was developed with the assistance of companies from a cross-section of the membership. I wish to thank Deputy Ryan for meeting with us last August.

Ibec members have a solid track record of cooperating with policymakers on environmental sustainability. Twenty years ago, we helped to set up the REPAK Producer Responsibility Initiative. Financial contributions from companies totalling around €400 million euros since then have been crucial to the operation of Ireland's domestic green bin system. Ireland has achieved a dramatic increase in packaging recovery and recycling rates, rising from 6% in 1997 to well over 90% in recent years, consistently outperforming EU-mandated targets.

Since 2010, hundreds of businesses have engaged with the EPA's National Waste Prevention Programme. Dozens of them have undertaken resource efficiency assessments, encouraged and assisted by Ibec's Green Business Executive. Many of our members are now actively looking to eco-innovation within their businesses and across their supply chain. Responding to this need, Ibec has recently re-purposed its Green Business role to focus on the emerging EU Circular Economy Package.

We acknowledge that Deputy Ryan's Bill is well intentioned, if somewhat vague on the expected outcomes. We have conducted our own assessment of it. On reflection, we are unable to support the Bill. We consider it unlikely that it would have passed Second Stage in its current form if an impact analysis had been carried out. RIAs are required not only under the government's approach to Better Regulation but also to comply with the European Commission's specific guidance on beverage packaging, deposit systems and free movement of goods. There appear to be unintended adverse consequences for each of the Bill's provisions that would be difficult to avoid.

As Deputy Ryan has acknowledged, the mandatory **Deposit Return scheme** envisaged in the Bill could entail very large set up and running costs. We don't believe that businesses can afford to absorb them. Irish shoppers would inevitably face rising prices. In addition, there's a risk of distorting competition between town-centre shops and their out-of-town counterparts. First, though, let's focus on the intended environmental benefits.

Ibec's initial analysis suggests a real prospect of *reduced* overall packaging recycling. Drink bottles comprise only a small proportion of post-consumer plastic packaging waste, but being the most valuable component they are currently recycled at a much higher rate than other types of plastic packaging. By undermining the financial viability of REPAK, the Bill would reduce that scheme's ability to encourage Irish waste collectors to accept less valuable packaging materials by cross-subsidising them. Given the imminent closing of the Chinese market for exported waste packaging, it will be increasingly difficult to promote higher recycle rates for non-beverage packaging even under the status quo. Let's not do anything that makes it harder than it needs to be.

We would also draw the Committee's attention to a recent UNESCO-supported modelling study (ARIADNA<sup>1</sup>) that cautioned against imposing a mandatory Deposit Refund scheme alongside an established collection and recycling scheme. Its key finding was that in addition to being very costly, the duplication of effort could feasibly cause a net *increase* in greenhouse gas emissions due to less efficient transport logistics.

At present, plastic bottles constitute less than 2% of street litter. A Deposit refund scheme might marginally reduce this already small amount, but may do at the expense of an overall increase in the litter problem. Some households will willingly forgo the return of their deposits simply to avoid the inconvenience of driving to, and queuing at, a reverse vending machine. One obvious way for enterprising individuals in the neighbourhood to make a bit of pocket money would be to go scavenging once the green bins are put out for collection. Unfortunately, the quickest, easiest way to do so would be to upend the contents of every bin along the street.

Regarding the **proposed ban on disposable cups, glasses or plates that can't be composted at home**, we would query the Minister's powers under section 29 of the 1996 Act. To the extent that such items comply with the 1994 Packaging Directive, EU member states are not allowed to impede their import, distribution or sale. For this very reason, similar legislation recently enacted in France was subject to legal challenge - even though it did not constitute an outright ban.

Voluntary action by business should certainly be encouraged. For example, some of Ibec's members are actively researching into the use of safe but compostable hot drink cups. We understand that commercially-available biopolymers are in principle compostable i.e. meeting the requirements of IS EN 13432. However, that they may require a longer residence time and higher temperature than organic materials such as food waste, so would have to be directed to the correct facility.

It is unclear whether there are any commercially-available bioplastics that can be readily composted in *domestic* equipment, which operates at lower temperatures. In any case, home composting would not count towards meeting EU recovery targets as the material not deemed to have been collected. Moreover, the full benefit of compostable food packaging may be difficult to unlock for 'on the go' items which all too often end up in municipal black bins. If the Exchequer were to provide money to local authorities for segregated waste collection in public places, it would certainly help improve recovery and recycling rates, but education and labelling would be needed to ensure that compostable tableware doesn't end up contaminating other recycle streams.

Complementary measures are also needed to address the wider social problem of littering. A consumer who can't be bothered to put soiled food or drink packaging in the nearest municipal waste bin is very unlikely to bring it home with them. Nor, in Ibec's view, would the use of take-away hot drink cups be replaced by reusable cups in response to a small levy. The situation would be nothing remotely like that of the highly successful plastic bag tax. The reason is that a reusable travel cup typically costs around €15 and is inconvenient to carry around, especially after it has been used. If a latte levy were to be introduced, the great majority of consumers would view it as a government revenue-raising exercise.

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<sup>1</sup> ESCI School of International Studies, June 2017, "Sustainability study on the introduction of a mandatory DRS for packaging in Spain: comparative environmental, social and financial analysis versus current situation" (English translation)

Thank you, Chairperson Naughton,

**Retail Ireland** is the Ibec group which represents the retail sector. Our members are drawn from every category of retail and employ over 280,000 people in every city, town and village across the country. The retail sector is not only the largest employer in Ireland, it is also the largest single contributor to the exchequer, generating 23% of the State's total tax receipts.

Our members promote and practice responsible retailing and take an active role in generating vibrant and healthy communities. Waste prevention and reduction programmes are a core objective of the sector's commitment to tackling environmental issues. Our members invest many millions each year to ensure to protect and promote our environment. An example of this commitment is the significant level of funding provided to the Repak organisation, which in turn funds the successful national kerbside collection of recyclable materials or "Green Bin" from households.

This direct funding by retailers has helped Ireland not only exceed EU recycling targets set for 2011 but also exceed some of the suggested targets for 2025, already.

Retail Ireland agrees with the recent independent report commissioned for Government that the cost of implementing a deposit and refund scheme would outweigh the benefits. Our members are concerned that the development of a new system will undermine the good work done by Repak and many stakeholders, including retailers, to bring Ireland from having one of the worst rates of recycling in Europe to amongst the best today.

While many retailers already provide bottle and clothing recycling facilities on their properties, we have concerns about the suggested introduction of further units in the form of bottle bank type units or reverse vending machines. Such units would come at a significant cost and would have to be placed in locations outside of town and village centres with free parking and good access. Such a move could have the unintended consequence of reducing activity within our towns and villages and threatening the rejuvenation of our regional town centres. It could further distort trade in the sector by redirecting footfall away from certain areas towards others.

Finally, we should also consider the potential for such sites to encourage illegal dumping and cause traffic management issues if located near or in car parks of already busy shopping centres.

Retail Ireland is also concerned about the financial, administration and compliance burden such a measure would impose on the sector, especially in the case of small and medium sized retailers who are already struggling with the growing regulatory burden the sector has experienced in recent years.

Retail Ireland also has concerns about the proposal contained within this bill for a ban on single-use non-compostable cups and other tableware. We believe this would have a disproportionate impact on consumers, retailers and food service providers. As stated earlier by my colleague Dr Walker, we believe such a ban would, in any case, contravene EU law. Retail Ireland welcomes the Minister's decision to examine this proposal for breaches of either the packaging directive or the Treaty on the Functioning of the European Union.

We believe that innovation is at the heart of the solution to the challenge outlined in this Bill. Retailers and their supply chain partners continue to work towards trialling compostable versions of

packaging including coffee cups. In addition to affordability and supply chain reliability, we must consider consumer safety when developing such packaging, particularly in the case of coffee cups, whose purpose is to allow for the transport of hot materials which can prove hazardous if mishandled.

Retail Ireland members remain committed to play our part in reducing waste and avoiding littering and dumping. However, we do not believe that a dismantling of our current system and the introduction of a new scheme targeting some, but not all waste, will positively impact the country's recycling or litter rates.

Our industry will continue to work to promote the most efficient systems to deliver real benefits for our environment, our customers and our industry. I wish the committee well with its deliberations.

Thank you, Chairperson Naughton,

**Food Drink Ireland (FDI)** welcomes the opportunity to comment on this Bill.

FDI is a business sector of Ibec and represents 150 food and beverage companies. Our sector employs almost 50,000 directly and 60,000 indirectly in every region. The industry also uses 90% of the output of our farmers.

Packaging is essential to bring many food and beverages to our tables. It helps reduce food waste and protects quality and freshness. Food packaging also lets consumer see the nutritional information on the label to help make informed choices. Food and beverage packaging plays a key role in protecting, containing and preserving the produce contained within. Modern packaging is a central element in the efficient manufacturing, handling and distribution of food from the factory to the consumer's kitchen. Consumer safety is the overriding objective of food and beverage producers and packaging ensures effective communication to consumers and its safe use and handling. Because of effective packaging processes, food wastage rates (pre-consumption) are 2-4% in industrialised countries. This compares with 50% in developing countries. Moreover, the environmental impact of avoidable household food waste is eight times greater than the impact of total packaging waste going to landfill. Packaging ensures that people can buy and use products when they want them, in good condition and with little wastage. Inadequate packaging is far worse for the environment than over-packaging, since 10 -15 times more energy and materials are locked up in household goods and food than in the packaging around them

FDI members have a strong focus on sustainable sourcing, resource efficiency and sustainable consumption. Packaging is a very important pillar within this approach and includes reducing packaging, reduced packaging weight and recycling and research and development. Packaging is a very important pillar within this approach and includes measures such as efficient use of natural resources, reduced packaging weight, refills, less packaging, awareness and education programmes on packing use and recycling and research and development.

Turning to the Bill, as Minister Naughton has said, an outright ban on single-use non-compostable cups and other tableware could be a breach of EU law. We all would have seen headlines recently about a "latte levy" for single use coffee cups. A lot of work is needed before this is considered. Including a detailed regulatory impact assessment, future proofing for compatibility with EU VAT regulations and compliance with Treaties. We must also remember that a latte is 80% milk and no doubt a detailed consultation with the dairy sector will be considered.

The mandating of a deposit and return scheme for sealed beverage containers must be considered in the context of our existing waste packaging collection and recycling scheme in Ireland, called Repak. Beverage manufacturers paid €6.6 million to Repak in 2016, close to 25% of Repak revenues. This financial commitment by beverage companies has seen Ireland exceed major EU packaging recycling and recovery targets. Before industry began funding Repak, 94% of all packaging went to landfill. Now 93% of all packaging is recycled and recovered, according to the EPA.

Placing a deposit return scheme directly on top of our existing scheme, would put this progress at risk. Removing easily recycled and valuable materials like aluminum and glass from our current system, would dramatically increase processing costs and impact the cross-subsidy of less recyclable materials.

The packaging targeted by the Bill makes up just 4.5% of litter according to the Department of Environment. Tackling litter louts requires awareness programmes, and enforcement of the Litter Act. Providing recycling bins in public, which so few local authorities do, would dramatically reduce on-the-go littering.

We know from Plastics Europe data that just 13% of the consumer plastic waste comes from beverage containers. The largest portion of our consumer plastic waste comes from bags, pipes and automotive parts. Nothing in this Bill would targets these large contributors to consumer plastics waste.

As Brexit has highlighted, the need to maintain regulatory alignment on the island of Ireland is paramount. If a deposit and return scheme was enacted in this jurisdiction it would lead to dramatically different waste regulations on our island. There is also the issue of fraud. Given the free movement of people, a deposit system could pay out more than it takes in, because of packaging from Northern Ireland entering the system. I'd ask the committee to consider the issue of fraud in detail as part of its deliberations.

While reference has been made to deposit schemes in Germany and Nordic countries it is important to note that a high "return rate" does not mean a high "recycling rate". In EU countries with deposit schemes, two thirds of post-consumer plastic waste is sent for incineration. Essentially return schemes feed incinerators rather than increased recycling. (Netherlands 69% - Denmark 63% - Germany 61% - Sweden 61% - Norway 57%, source: Plastics Europe).

Ireland's waste packaging collection and recycling scheme is built on the principle of shared responsibility. This 'shared cost' approach is one where business, waste collectors and householders share the cost of segregated packaging waste collections. This recognises the obligation on collectors to collect waste from households, with householders contributing towards the provision of a service (under the principle of polluter pays) and business contributing to the additional costs of collecting packaging waste for recycling separately from other waste. FDI believes that this should continue to be the case to build on our recycling rates.

**In summary, the following views are common to Ibec, Retail Ireland and FDI:**

1. Irish businesses have, over many years, supported policy measures that seek to protect the environment. We are open to new policy ideas, provided they are fair, proportionate, cost-effective and evidence-based.
2. The Waste Reduction Bill 2017 is undoubtedly well intentioned but, due to its brevity and the absence of any prior consultation, its underlying objectives are difficult to quantify.
3. Our own research indicates that the environmental benefits would be small at best and possibly even negative.
4. The provisions would in any case be very costly to implement. We disagree with the suggestion that Irish businesses can afford to absorb these costs.
5. There are more cost-effective ways to address the perceived environmental problems. For example, Ibec advocates stronger enforcement of existing litter laws, targeted education campaigns about the “dos and don’ts” of packaging recycling, and improved provision of segregated collection in public areas, especially near waterbodies.
6. In our view, it is neither appropriate nor necessary to produce new legislation at this point. Therefore, we do not support the Bill.