

## ENVIRONMENT, CLIMATE CHANGE AND LAND REFORM COMMITTEE

### DEPOSIT RETURN SCHEME (THE DEPOSIT AND RETURN SCHEME FOR SCOTLAND REGULATIONS 2020)

**SUBMISSION FROM** **Have You Got The Bottle, APRS, Dolphin House, 4 Hunter Square, Edinburgh EH1 1QW**

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Submissions that are identical or very similar as part of an organised campaign will be treated as one submission for publication and supporting individuals and organisations will be listed alongside the submission.

Please set out your submission below—

1. **Scope (materials)** – the types of container proposed to be covered and excluded and any specific issues.

Producers of materials included in scope will have to meet all the costs of recovering packaging made from those materials, including the carbon costs. Excluding materials - such as HDPE and cartons - is unsustainable in the long term as it would give an incentive to switch to those materials. Excluding glass would be the most environmentally problematic change that could be made to these regulations, for that reason, as one-way glass has by far the highest climate impact of any drinks packaging (even when recycled). The draft regulations do not allow additional materials to be added without new instruments; we believe where a system operator and Scottish Ministers agree, adding new materials should not require new regulations (this would mean amending 3(2)(d) and 11(3)(b)). In April 2019 YouGov polling for the Marine Conservation Society showed 85% support for including glass, the second most commonly-found beach litter, with plastic bottles almost as popular, backed by 83%.

2. **Scope (retailers)** – implications of the scheme applying to all retailers selling single-use drinks containers, including online retailers, and exclusion of businesses such as pubs and restaurant that sell drinks for on-site consumption.

As in 6 below, there would be serious accessibility issues if a substantial proportion of retailers were exempt from participation, but we would also like to see an option for small retailers to be able to apply for an exemption in Chapter 3 to opt out of collecting materials they do not sell. Under the proposed regulations, pubs and restaurants where the customer does not get given the can or bottle would themselves be able to choose to function as the final customer, not passing the deposit on, which is rightly a commercial decision for them. The inclusion of

online retailers will make the system significantly more convenient, but very small producers should be allowed to apply for an exemption from fulfilling this return requirement.

3. **Costs and operational impacts** – costs anticipated for your business, service or sector and the appropriateness of the proposed financing model (that the scheme will be funded via unredeemed deposits, revenue from the sale of materials and a producer fee).

Our partners include small producers and small retailers. Currently all producers - whether major multinationals or tiny owner-operators - will have to pay a flat £209 annual fee to register with SEPA under 7(3)(d). We would like to see this tiered so small operators, whose paperwork should in any case be simpler, pay less, and possibly the smallest pay no fee at all. This would not exempt them from the regular producer fees per item sold.

The retail handling fee will cover "*staff time dedicated solely to the collection and storage of scheme packaging*", under 11(4). This unfairly excludes other work on behalf of producers, so this could be worded as "*all staff time dedicated solely to the operation of a return point*". The hospitality sector will also receive a handling fee but only for materials used, not for the work they do on behalf of the system operator, and not for any associated staff time or any additional floor space associated with storage. While they will not take walk-in returns, their staff time should be compensated. The fact that they already have to "do the right thing" by collecting and separating materials is no reason to penalise them.

Where small retailers apply for an exemption they have to identify alternative local return points, when in fact any scheme administrator will already hold that information. We would prefer 22(1)(a) to say "*on behalf of a scheme administrator*" rather than "*on behalf of the retailer*" (and appropriate changes to 24).

4. **Environmental impacts** – whether the proposed scheme will have the desired impact on increasing recycling rates and reducing littering, and how that impact can be maximised. What key environmental risks need to be considered and mitigated? Will the scheme incentivise producers to change or modify materials/packaging?

Modern deposit return systems, including the systems which most closely resemble these proposals, in Scandinavia and the Baltics, achieve return rates of above 90%, and in some cases around 95%. This will bring a significant improvement for all of the materials set to be included, as current recycling rates are 59% or lower. Moving quickly to the broadest possible scope (i.e. including cartons and HDPE as well as the three materials already agreed) would be the best way to mitigate the risk of material switching, although modulated per-material producer fees may encourage switches to lower-carbon materials, which we would support.

Eunomia estimate that 140,000 fewer glass and PET bottles and metal cans will be littered in Scotland daily with deposits. We strongly advise that a litter survey is conducted prior to the introduction of a deposit return system, and each year afterwards. A survey that uses appropriate methodology will allow Scotland to measure the effectiveness of the system and identify further necessary action on waste and litter.

5. **Level of deposit** – implications and appropriateness of a charge being a uniform 20p.

We believe that 20p is a good starting amount, and note that the EQIA scored it as "minimal impacts identified" when considering fairness, especially for households on lower incomes. We also received responses from 935 members of the public setting out what the deposit level should be, and 66% chose a deposit level of 20p or higher. The level should be able to be easily reconsidered in the light of inflation or missed return rate targets. Some older US deposit systems where the regulations fixed deposit levels (e.g. just 5¢) have withered away.

In July 2018 Pret increased the deposit on water bottles from 10p to 20p given lower than expected return rates (although single-retailer or single-producer schemes, like the former A G Barr one, are inevitably less effective than a well-communicated national infrastructure).

6. **Consumer and social impacts or risks** – accessibility to consumers and what impacts are anticipated on different groups, including those with disabilities, those without private transport, and those living in rural areas.

The principle should be that however a container gets to a consumer's house, that's how it should be able to be returned. People with mobility issues are more likely to use online retailers, and those retailers should therefore take returns, as specified in the draft regulations. Where people without private transport are carrying shopping home, it will always be easier to take lighter empties back the same way at the same time: this is why it's important that the vast majority of retailers accept returns. Including glass in DRS will make recycling this material more accessible for many people, as currently 43% of Scottish households have no kerbside provision for glass recycling.

7. **Local authorities** – implications of the proposed scheme for local authorities, including impacts on kerbside collections.

Alongside forthcoming changes to extended producer responsibility (EPR), ZWS predict that local authorities will make a net saving of £237m over 25 years when deposits come in: some do make money from collections of dry mixed recycling, but litter, residual waste and street bin emptying are substantial costs for all councils.

8. **Timing** - implications of the proposed timeframe (a minimum 12-month implementation period from the passing of legislation).

The primary legislation has been in place since 2009, and given that we are now in a formally recognised climate emergency, we cannot afford to wait any longer to implement this small part of the overall solution. We hope that the slow implementation of DRS does not reflect the pace of things to come!

The 12 month period is a minimum set in European case-law, and could not be shortened. The Lithuanian system took six months to introduce, which we understand from conversations with those involved was rather too hasty. There will be a lot to do over that period, but most timescale objections come from large retailers still reluctant to accept that deposits are coming, even those operating successfully in other deposit territories. Our main concern with the timescale is with the start date for annual targets in Schedule 3: as drafted this would see the system run with no targets at all for nine months. The first year target should start at system launch, and should be readily achieved on that basis.

A UK-wide DRS would make logistics easier, but if it is introduced later in the rest of the UK, it should be possible to keep consistency for the customer-facing part of the system, i.e. the same deposit level, the same materials and products included, and a single labelling and barcode system.

9. **Governance** – how the scheme should be administered, and appropriateness of the proposal for scheme administrator that is industry-led, privately owned and operated on a not-for-profit basis.

The point of industry ownership is that producers should "own" the costs of recovering what the regulations call "scheme articles", i.e. drinks containers. The not-for-profit stipulation makes sense, although it would be almost impossible for any scheme administrator to make a profit from deposit return if required to minimise unredeemed deposits through binding targets for return rates (barring massive increases in material value).

10. **Broader waste policy context** – will the scheme achieve its intended purpose in isolation, or does its success depend on the performance of broader measures? How should the scheme cooperate with any other proposed schemes in the UK?

Deposits, as discussed above, are a form of EPR, but work well in other countries without other EPR measures being introduced. In fact, given the value of the materials collected, deposit return is the easiest form of EPR to introduce (the lack of value makes a similar system for crisp or sweet wrappers impractical). However, producers should be exempt from existing Packaging Recovery Note (PRN) costs for all containers sold through the Scottish deposit system. While a Scottish-only system is now unavoidable, at least initially, business will make significant cost savings if the rest of the UK adopts a compatible system in due course.

The UK Government has committed to reform the PRN system, but if a proper 100% cost recovery arrangement cannot be agreed with UK Ministers it will be essential for Scotland to establish a replacement for the PRN system through the Circular Economy Bill.

11. **Any further issues or views not falling under the above areas.**

In general, the government should not support biodegradable plastics as they do not address the problem of marine pollution or prevent littering. They also risk diversion of land from food crops and increased CO<sub>2</sub> emissions when degrading in anaerobic conditions.

Biodegradable plastics, bio-based plastics, compostable and oxo-degradable plastics and other future materials should, like all current materials, bear the full cost of recovery. Where such materials can be cost-effectively included in a deposit system, they should be: however, some should simply be discouraged through higher EPR fees or banned where appropriate. For example, oxo-degradable plastics do not meet the standard required to be deemed 'compostable', and their biodegradation takes too long, with plastic fragments remaining in composters. They are misleading for consumers who may see them as more "green" than they really are, which might drive less sustainable packaging choices by manufacturers.