



Rialtas na hÉireann
Government of Ireland

Deposit Return Scheme

Consultation Document on Potential Models for Ireland

2 October 2020

1 Introduction

The Programme for Government – Our Shared Future – and the Waste Action Plan for a Circular Economy set out the Government’s commitment to introduce a Deposit and Return Scheme (DRS) for plastic bottles and aluminium cans.

The milestones in establishing a DRS are as follows:

1. Public consultation on design options (now);
2. Public consultation on preferred model and draft regulations (Q1 2021);
3. Commencement of underpinning legislation (Q3 2021);
4. Introduction of scheme (Q3 2022).

This document is the consultation paper on design options set out at 1 above. In it, we describe a number of potential DRS models that could operate in Ireland. Alongside this consultation paper, the Department of the Environment, Climate and Communication is also publishing a report it commissioned from Eunomia Research and Consulting to analyse options for Ireland to increase its capture of plastic bottles and aluminium beverage containers (referred to throughout this paper as ‘the DRS study’).

To facilitate a structured response, the paper poses some questions for consideration. Respondents are not required to respond to all questions and are free to raise other relevant points. All submissions are welcome and will be considered in developing the new Deposit and Refund Scheme.

Submissions can be made to the following e mail address:

Wastecomments@DCCAE.gov.ie

The closing date for submissions is **5pm, Thursday 12 November, 2020.**

Responses to this consultation are subject to the provisions of the **Freedom of Information Act 2014 and Access to Information on the Environment Regulations 2007-2014**.

Confidential or commercially sensitive information should be clearly identified in your submission, however parties should also note that any or all responses to the consultation are subject in their entirety to the provisions of the FOI Acts and will be published on the website of the Department of Communications, Climate Action and Environment.

By responding to the consultation, respondents consent to their name being published online with the submission. The Department will redact personal addresses and personal email addresses prior to publication. We would draw attention to the Department's privacy statement:

'The Department of the Environment, Climate and Communication requires responders to provide certain personal data in order to provide services and carry out the functions of the Department. Your personal data may be exchanged with other Government Departments and Agencies in certain circumstances, where lawful. Full details can be found in [our Data Privacy Notice](#).'

2 What is a DRS?

Deposit and return schemes have been around for decades and were originally designed by the beverage industry as a way of ensuring the return of bottles to be washed, refilled and resold. In Ireland, some people will recognise this as a system that was previously used to ensure that milk and soft drinks bottles were returned for reuse.

A DRS for beverage containers therefore involves the application of a refundable deposit to incentivise consumers to return their beverage containers for recycling or reuse. While the primary function of a DRS is to increase recycling rates and support the circular economy (by keeping materials in productive use and securing the resource value of existing materials and reducing demand for new materials), in some countries they have also been shown to assist in the reduction of littering of beverage containers.

As set out in the DRS study, generally the system works as follows:

- Beverage producers initiate the deposit by paying it into a deposit account;
- Retailers pay the deposit to producers/ distributors at the wholesale stage;
- Consumers pay the deposit to retailers, along with the price of the beverage;
- Consumers claim a full refund when they return their used beverage container to a designated return location;
- The return location is reimbursed for the refunded deposit from the deposit account; and
- The returned used beverage containers are transported to be processed and recycled. The material can be used to manufacture new containers.

A DRS can be voluntary (e.g. industry-led) or statutory (mandated by legislation). Many other EU Member States have DR systems in place already and others are planning or considering the introduction of a DRS.

3 How are plastic bottles and cans collected at present?

In Ireland, the main route through which plastic bottles and aluminium drinks cans are currently captured is kerbside collection. Most households (approx. 80%) in Ireland are served with kerbside collections in either a two-bin or three-bin service – one bin for mixed dry recycling (MDR), one for mixed residual waste (MRW) and in many areas also a food/organics bin (the provision of food/organics bins to households in every town with 500 or more residents is now mandatory). Beverage containers (plastic and aluminium) are therefore collected in the MDR bin alongside other household packaging, paper and card. Complementing kerbside collection, there is a network of 1,848 locations where beverage containers can be brought for recycling. In addition to providing a convenient drop-off location for some households, these are likely to capture just a small proportion of beverage containers consumed and disposed 'on-the-go'.

4 Why do we need a DRS?

There is a number of reasons why we need a DRS but put simply, too few plastic bottles and cans are being captured for recycling by our current system and too many are being discarded as litter.

We are falling short of the required levels of recycling. The Single Use Plastics Directive sets a collection target of 90% for plastic bottles by 2029 with an interim target of 77% by 2025. The DRS study shows that we are currently achieving an estimated 55% separate collection for Polyethylene Terephthalate bottles (PET) and aluminium beverage cans, leaving us behind the 2025 target and well short of our 2029 target. . The SUP Directive also requires that PET beverage bottles contain at least 25% recycled plastic by 2025 and that all plastic beverage bottles contain 30% by 2030. A well operated DRS is capable of producing high quality food grade recyclate which can be used by beverage manufacturers to meet these recycling content targets.

While a number of Member States do so, there is no specific EU obligation to operate DRS. Article 9 of the Single Use Plastics Directive includes the establishment of DRS as a means by which Member States may seek to achieve the targets.

However, the DRS study concludes that there is no evidence to suggest that the current system could be enhanced to reliably achieve a 90% separate collection rate and that a DRS is considered to be the only feasible way to achieve the 90% target.

In terms of litter, litter from packaging (which includes bottle caps, plastic bottles and cans) is a problem in Ireland, accounting for 18.2% of litter. Coastwatch estimates that plastic bottles and aluminium cans are among the top five marine litter items. While there are direct clean-up costs associated with littering, the report published alongside this consultation document shows that littering has a significant disamenity value on communities. The DRS study estimates that a DRS could reduce this disamenity value by €95m and reduce littering by 85%.

The DRS study also provides estimates of potential avoided materials loss and the value of avoided greenhouse gas emissions that could be delivered through the introduction of a DRS. With a 90% return rate, a DRS could reduce the tonnage of deposit-bearing containers that are landfilled or incinerated by 88%. The consequent reduction in greenhouse gas emissions in a year is valued at €1.83 million, with the annual reduction in other air pollutants valued at €550,000.

5 What will a DRS mean for consumers?

As set out above, a DRS for beverage containers involves the application of a refundable deposit to incentivise consumers to return their beverage containers for recycling or reuse. Consumers will pay a deposit that will apply to relevant plastic or aluminium beverage drinks containers. It is suggested that consumers will pay a deposit of €0.20 at the point of purchasing a beverage contained in a plastic bottle or aluminium can. This deposit will be redeemed when the empty container is returned. This creates an incentive for consumers to return empty containers – provided they return their empty container, there is no charge.

The specific methods for refund can vary but are generally cashless.

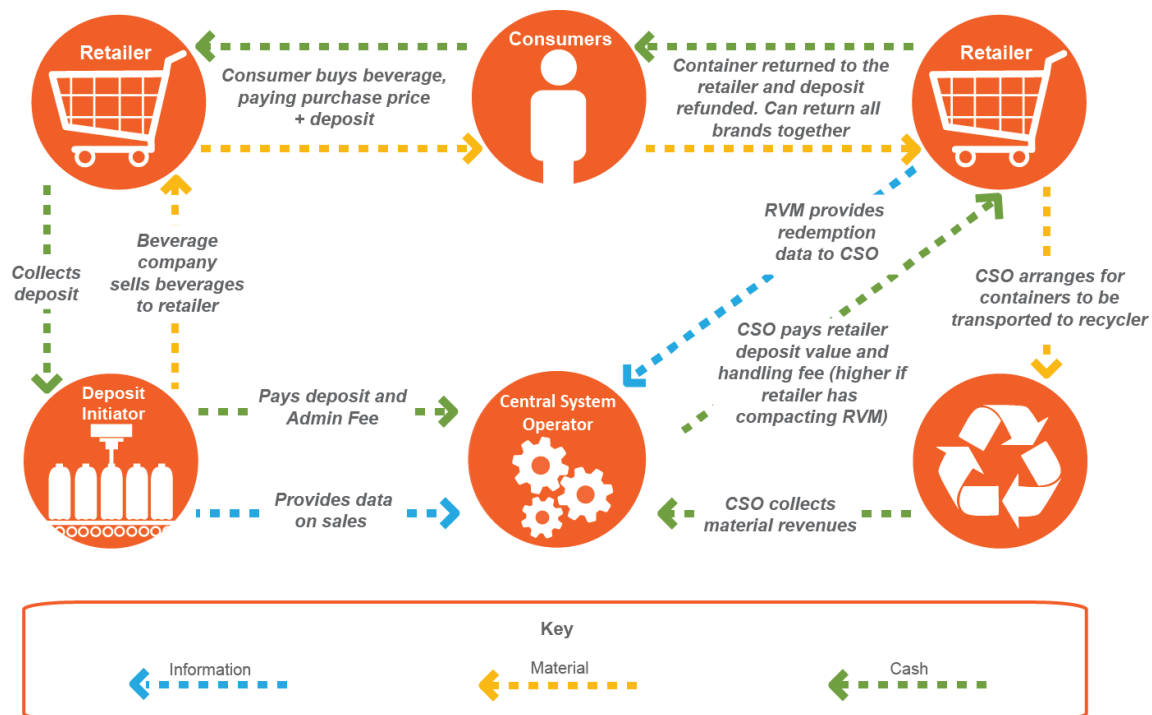
6 What beverage containers will be included in scope of the DRS?

As set out in the *Waste Action Plan for a Circular Economy*, the scheme will apply to:

- PET plastic beverage bottles (up to 3 litres volume) and;
- aluminium beverage cans.

It will not apply to glass bottles or composite beverage containers such as Tetrapak/Elopak. It will also not apply to plastic milk cartons due to the risk of contamination.

7 How would a DRS operate?



A DRS is a form of extended producer responsibility (EPR). Under an EPR model, producers take over the responsibility for collecting or taking back used goods and for sorting and treating for their eventual recycling. Ireland successfully uses the EPR model for dealing with

a number of waste streams. EPR systems based on the 'producer pays' principle already operate in Ireland in the following waste streams:

- Waste Electrical and Electronic Equipment (WEEE);
- Batteries;
- Packaging;
- End of life vehicles (ELVs);
- Tyres;
- Farm plastics.

A DRS for plastic bottles and aluminium beverage cans is a form of EPR and, as with other EPR systems in Ireland, it has been decided that the operation of the DRS will be statutorily mandated.

It will also operate on the basis that relevant containers can be returned to any place of purchase which is participating in the Scheme. Consumers could take their empties back to any participating beverage retailer – not just the retailer from whom the beverage was purchased.

Within these parameters, there are a number of options for how a DRS could work.

These fall into 3 main categories:

1. Centralised or operational DRS
2. Decentralised or financial DRS.
3. Hybrid of 1 & 2.

A brief description of each model is set out below. The DRS study indicates that the model chosen significantly impacts on results.

As set out above, whichever model is ultimately chosen, the scheme would be supported, as other EPR models are, by specific secondary legislation or regulations. These regulations may provide or set out:

- The level of the deposit;

- That producers are being tasked with responsibility for establishing a DRS and operating it on a financially sound basis;
- The process whereby a scheme operator is to be appointed by the Minister (including the application process and matters to which the Minister would have regard in appointing a scheme operator);
- The specific obligations to be placed on the scheme operator in terms, for example, of collection rates and quality or contamination standards to be delivered;
- Specific obligations to be placed on other operators across the system
- The awareness raising and educational responsibilities of the scheme operator;
- Penalties for failure to meet obligations.

7.1 Centralised or operational DRS

Centralised schemes are producer owned and led.

In the case of a DRS in Ireland for plastic bottles and aluminium drinks cans, this means that a centralised scheme would be owned and led by drinks producers placing their products on the Irish market in beverage containers within the scope of the scheme. Producers could establish their own scheme operator or seek to partner with an approved scheme under an existing EPR.

Centralised schemes are generally underpinned by legislation which provides for a means of Government authorisation of a scheme that is then mandated to achieve specific performance targets in terms of separate collection and recycling of plastic bottles and aluminium cans. A centralised or operational model operates on the basis of a central budget which is held by the DRS body or scheme operator (for example, think Repak in terms of packaging, or WEEE Ireland / ERP in terms of WEEE). Drinks producers would be required to become members of and fund the DRS.

The scheme operator sets producer fees and is directly responsible for managing the collection, sorting, treatment and sale (for recycling) of the materials collected. Producers are essentially then charged on the basis of numbers of units placed on the market, in line with the polluter pays principle. The scheme operator also takes on responsibility for

providing return infrastructure in the form of Reverse Vending Machines (RVMs) at larger retail outlets and manual take back at smaller outlets (i.e. those that do not have the physical space to accommodate RVMs).

As with other EPR models the scheme operator would also be mandated, as part of a Ministerial approval process, with responsibility for awareness raising and education for businesses and wider society around the general operation of the DRS itself, the objectives it is required to achieve and the environmental importance of attaining these. So, for instance, the scheme operator would be responsible for ensuring that consumers understand the system and, in particular, that the deposit paid at the point of purchase is fully refundable and avoid a sense that the deposit is a price increase.

Similarly, the scheme operator would also be required to publish annual reports and accounts, including details of membership, governance, performance and educational / awareness raising activities.

Across the EU, this is the most common form of DRS.

7.2 Decentralised or financial model

Under a decentralised or financial system, the DRS scheme operator plays a more limited role – although the same obligations in relation to awareness raising and education, annual reports and accounts, governance etc would apply.

While a decentralised scheme would also be given legislative underpinning, responsibility for target attainment is given to producers generally. Operational responsibility is then left to other stakeholders, such as collectors, and these other stakeholders receive financial support from the scheme operator to fund their activities under the scheme.

Unlike the centralised or operational model, the scheme operator does not take ownership of the material. Typically producers will collect their own containers or will contract out collection of their own containers, so that there can be multiple collectors and different

systems under a decentralised system. Returned beverage containers are sorted and stored separately by producers.

The sharing of responsibilities under a decentralised system means that overall governance and accountability is shared by the scheme operator, producers, collectors and retailers. Responsibility for awareness raising and outreach may also be shared rather than held by a single entity as under the centralised model. The responsibility on each operator across the system in this model would be laid out in legislation.

7.3 Hybrid

A hybrid model brings in aspects of both the centralised and decentralised models. Financial management of DRS would rest with the scheme operator with the operational delivery – collection and recycling – contracted by the scheme operator to collectors and municipal recycling facilities (MRFs). Once again, the obligations outlined above in relation to awareness raising and education, annual reports and accounts, governance etc would apply.

As under the decentralised model, the scheme operator does not take ownership of the material. Instead, this resides with the waste operators (collectors / MRFs).

Whereas under the decentralised model producers collect their own containers or will contract out collection of their own containers, in the hybrid model waste collectors would collect all producers' beverage containers.

8 Consultation questions:

- The Report recommends a centralised, operational model for Ireland. Do you agree with this recommendation?
- If not, do you favour a:
 - a) decentralised / financial DRS; or,
 - b) hybrid.
- Are there other models you believe could work in an Irish context?
- What role should waste collectors play in the operation of a DRS?
- The DRS study proposes a deposit per container of €0.20. Do you think this is appropriate? If not should it be higher or lower or should different deposit rates apply depending on container size?
- Consumers need to know about a DRS long before it becomes operational – do you have any suggestions as to how best the introduction of a DRS can be communicated to the public?
- What enforcement measures should be considered in parallel with the introduction of a DRS?
- How should cross-border issues be treated to ensure producers are not at a competitive disadvantage relative to producers in Northern Ireland?