

Written evidence submitted by Alupro (EB52)

Public Bill Committee Consultation on the Environment Bill

Introduction

Alupro is an industry funded, not-for-profit organisation with 30 years' experience representing the UK's aluminium packaging industry. We work to fulfil the industry's obligation to meet, and exceed, recycling targets for aluminium packaging.

We are achieving this by working in partnership with local authorities, the waste management industry and the wider metal packaging sector to develop and stimulate the UK's collection infrastructure. We also manage and run consumer information and education campaigns to encourage participation in recycling schemes to consistently drive up recycling rates.

We welcome the Committee's call for evidence on the Environment Bill and we are responding as the only representative body for the aluminium packaging recycling sector in the UK. Our members have extensive experience of designing and operating DRS schemes in countries around the world and insights from this could be of particular interest to the committee in its investigations.

Our response focuses on Part 3 of the Bill, which makes provisions for the managing of waste and producer responsibility. We welcome the provisions the Bill makes for introducing deposit return schemes in England, Wales and Northern Ireland. Our response highlights the need for a variable deposit rate for DRS as a flat deposit fee will discriminate against materials such as aluminium, which is infinitely recyclable. Furthermore, to avoid market distortion, we are advocating for all competing packaging formats to be included in a DRS, and there should be a single scheme administrator.

Furthermore, we welcome the provisions the Bill makes to introduce new extended producer responsibility (EPR) schemes. However, we urge the Committee to consider how the Packaging Recovery Note system must be reformed to support the new EPR regime.

A variable deposit for DRS

Alupro welcomes the Bill's provisions to introduce a Deposit Return Scheme (DRS). We are committed to ensuring that the scheme is well-designed to maximise the recycling rate of drinks cans, whilst ensuring that it is implemented in a fair and equitable way, with no market distortion.

Our members have extensive experience of DRS systems from around the world and from our experience in Germany, we are only too aware of the unintended consequences of a badly designed system. The German system effectively killed the infinitely recyclable drinks can, shifting consumption in favour of glass and plastic bottles, resulting in the closure of drink can manufacturing plants and the loss of hundreds of jobs.

Whilst the Bill does not set out the design of the deposit fee, as this is subject to further consultation, we wanted to draw the Committee's attention to the importance of a variable rate of deposit for a DRS, where a deposit is levied on drinks containers based on their size. It is our concern that a flat fee, where a single deposit amount is charged across all sizes of drinks containers, will lead to consumers switching to larger PET bottles from smaller portion formats, like aluminium cans in multipacks. Crucially, Nielsen has identified that in the UK 72% of soft drink cans and 97% of beer and cider cans are sold as multi-packs.

Using the example of a flat 20p deposit fee, as has been proposed in Scotland, when a consumer sees an additional £4.80 deposit fee on the price of a multipack of 24 cans, in comparison to 80p for the same volume in 4 plastic bottles, it will be natural for them to change their purchasing habits towards plastic as consumers are very price sensitive at the point of purchase. Please see annex A for further examples. Our survey of over 2,000 UK adults has shown that 60% of individuals will switch to large PET bottles over cans in a multipack.

A flat fee would increase the number of plastic bottles being purchased – at a time when there is a demand to move away from plastics and towards materials like aluminium, which is infinitely recyclable. This will also mean fewer aluminium cans, which are the most valuable material in a DRS, will be sold and recycled. Therefore, fundamentally impacting the financing of the scheme.

Recent polling by Norstat covering Sweden, Denmark, Finland and Norway, where a deposit is levied on drinks containers based on their size, showed widespread support for a variable deposit. In each poll at least 97% of respondents agreed their respective variable deposit schemes are easy to use and understand, with support in Sweden and Norway reaching 99%.

Therefore, we ask the Bill Committee to consider the importance of incorporating a variable rate of deposit for any future DRS system.

Extended Producer Responsibility and the need for a fair Packaging Recovery Note system

Alupro supports the Government's intention to introduce Extended Producer Responsibility (EPR) and believe that this will incentivise the use of "truly recyclable", circular materials in packaging.

A new EPR regime will mean that the current Packaging Recovery Note (PRN) system will cease to exist. We welcome this given the issues with PRNs and potential abuse of the system. In 2019, there was an estimated £272 million increase in compliance costs in the current PRN system, compared to a year ago. However, there has been no accompanying evidence that the additional money is being used to improve the recycling system.

Reports from the National Audit Office and the Environmental Audit Committee have also expressed concerns about existing packaging waste regulations. In 2017, the Environmental Audit Committee investigated the packaging producer responsibility scheme and noted that taxpayers were covering around 90% of the costs associated with packaging waste disposal. In response to a request from the Environmental Audit Committee, the National Audit Office published a report assessing the packaging recycling obligations. It highlighted several concerns about the current system, which include the lack of evidence Government has to show that the scheme has encouraged firms to minimise packaging waste, how the system relied on materials being exported without guarantees the materials were being recycled in the destination countries and that the current system is vulnerable to risks of fraud and error.

Therefore, we welcome a well-designed EPR system, which will create greater accountability and will ensure that producers reduce the amount of unsustainable materials being used. It remains important that the issues with the current PRN system are resolved in the short-term to ensure that obligated producers are not burdened with massive costs, which are not being reinvested in improving recycling performance.

A *Resource Futures* report assessing the levels of recycling achievable for beverage drink cans and all other aluminium packaging under EPR, estimated that the recycling rate for all aluminium packaging would reach 85% by 2025. We believe that a well-designed EPR system, which includes "modulated fees" which properly take into account the recyclability and end of life value of packaging is the fairest approach for recovering costs from producers for their packaging waste and is the best way to drive up recycling rates, discourage the use of unsustainable materials incentivise the use of "truly recyclable" materials.

-ENDS-

Annex A: Deposit Value Market Distortion

Currently, multipack cans represent 80% of the beverage market in the UK (Nielsen, 2017). A flat deposit would lead to market distortions resulting in an increase in the sales of plastic bottles and larger portion sizes. The below examples demonstrate the impact of a flat 20p deposit.

<p>12 pack of 150ml cans = 1.80 L Pre deposit cost = £4.00 (33p/can) Deposit (20p x 12) = £2.40 Post deposit cost = £6.40 ↑ 60% increase</p> 	<p>2 plastic bottles = 2.0 L Pre deposit cost = £2.30 (£1.30/bottle) Deposit (20p x 2) = 40p Post deposit cost = £2.70 total ↑ 13% increase</p> 
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<p>24 pack of 330ml cans = 7.9L Pre deposit cost = £6.00 (25p/can) Deposit (20p x 24) = £4.80 Post deposit cost = £10.80 ↑ 80% increase</p> 	<p>4 plastic bottles = 8.0L Pre deposit cost = £5.00 (£1.25/bottle) Deposit (20p x 4) = 80p Post deposit cost = £5.80 ↑ 16% increase</p> 
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24 pack of 330ml cans = 7.92 L
Pre deposit cost = £8.00 (33p/can)
Deposit (20p x 24) = £4.80
Post deposit cost = £12.80

↑ 60% increase



4 plastic bottles = 8.0 L
Pre deposit cost = £6.00 (£1.5/bottle)
Deposit (20p x 4) = 80p
Post deposit cost = £6.80 total

↑ 13% increase



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