

Parliamentary Briefing: Environment Bill

About NIFDA

The Northern Ireland Food and Drinks Association (NIFDA) is a membership body established to represent and promote the interests of the food and drinks sector in Northern Ireland.

Our vision is of a strong and united membership working together to grow a sustainable and internationally competitive food and drink industry. We are committed to maximising the growth potential of the industry through export-led growth.

Key Facts about Food Industry in NI

- **No.1:** We are the largest contributor to sales (32%), external sales and employment within the overall Northern Ireland manufacturing sector.
- **Employment growth 5%, Value added growth 9% and Sales growth 11%**
- **3 for 1:** Every direct job (23,641) in a NIFDA member company generates at least three more in the supply chain.
- **£5.0 bn:** We sold £5.0 billion of local produce (2018), of which over 76% was sold externally.
- **Over 100k jobs:** We employ 23,500 directly and 78,000 more in farming and support services right across NI.

NIFDA's position on the Environment Bill

- Support the government's ambition to deliver a greener and more sustainable UK.
- Urge that any changes to business operations are developed in consultation with businesses.
- Highlight the difference in Northern Ireland in relation to operation of all-island businesses and the need for alignment with ROI, particularly against a backdrop of Brexit and the requirements on businesses as a result of this.
- Further highlight the absence of required infrastructure to support some of the policies contained within the bill; e.g. access to high quality food grade recycled materials not currently available in Northern Ireland or on the island of Ireland.
- Given that many of the issues within the Bill are devolved, and the narrow timeframe for NI Assembly to sufficiently scrutinise matters within their competence, we are concerned that this legislation will be rushed through without due consideration being afforded to the NI-specific impacts.

Deposit Return Scheme (DRS)

- Due to the unique geography of NI, a UK wide scheme has some practical challenges.
- NI does not benefit from the economies of scale that the rest of GB share in the delivery of a DRS.
- High level of cross border trade between NI and the Republic of Ireland means there is potential for cross border fraud and contamination of different schemes.
- Again, if different schemes operate on each side of the border, there are challenges for NI business in the production of packs and labels, as well as the required economies of scale.
- This becomes particularly problematic if two separate regimes are required and social distancing is still in place, creating additional production requirements, factory floor space or reduced production capacity.

- A DRS removes some of the most valuable PET bottles and cans from kerbside collection, which provides revenue to councils, and ultimately results in additional costs to the consumer.

Extended Producer Responsibility Scheme (EPR)

- Support the key principles set out for an effective EPR for NI, building on the existing kerbside collection scheme to achieve an improved recycling rate across all sales packaging types.
- Reform of the current system is needed to drive up recycling rates, create greater transparency around the use of funds and to increase investment in recycling infrastructure.
- It is our preferred model for driving up recycling rates, in conjunction with the development of green infrastructure facilities in Northern Ireland, or on the island of Ireland.

NI Business and Policy Context

UK Exit from the EU

The UK exit from the EU and subsequent transition period is challenging for businesses. NIFDA has repeatedly raised concerns about the additional costs to business, on top of costs associated with planning business operations, no deal scenarios and potential border checks.

COVID-19 Recovery Plan

With social distancing in place in all production units, businesses have radically changed their operations in a short space of time. They have also faced huge challenges with the disappearance of significant markets overnight, most notably in the hospitality sector.

This is further complicated by the potential need to separate operations of all island businesses that have markets on both sides of the border with different requirements/regulations. This will affect production capacity.

The simultaneous challenge presented by preparing for the end of the transition period following the UK exit from the EU creates an extremely difficult and uncertain operating environment for businesses.

Plastic Tax

The UK Government has confirmed that they will introduce a Plastic Tax in 2022 to incentivise the use of recycled plastic. Whilst this is a separate piece of legislation, NIFDA believe that multiple charges on businesses such as the additional costs associated with an EPR and DRS against the backdrop of COVID-19 and Brexit make an already challenging operating environment even more difficult.

All-island Alignment

Because many businesses operate on an all-island basis, there is a strong argument for alignment of policies across the UK and Irish Governments, and at the very least, an awareness of the implications of divergent policies on businesses.

A positive example of recent co-operation was the simultaneous introduction of a sugar tax in Northern Ireland (and across the UK) and in the Republic.

Access to Green Infrastructure

In terms of green infrastructure, the NI Executive's most recent Waste Strategy, *Delivering Resource Efficiency*, committed to driving forward a programme of specific deliverables of mutual benefit and exploit economies of scale in the market for recycled materials across the island of Ireland.

Therefore in order to enable businesses in Northern Ireland to increase their use of recycled materials, there needs to be accessible and affordable supply to ensure NI businesses, large and small, can access these locally, both reducing cost and carbon, and ensuring a level playing field with GB whose green infrastructure is more developed. This may be best achieved by developing the required infrastructure on an all-island basis.