



Environmental Audit Committee

Oral evidence: Next steps for deposit return schemes, HC 1221

Wednesday 17 March 2021

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[Watch the meeting](#)

Members present: Philip Dunne (Chair); Duncan Baker; Dan Carden; Barry Gardiner; Mr Robert Goodwill; James Gray; Helen Hayes; Ian Levy; Caroline Lucas; Cherilyn Mackrory; John McNally; Dr Matthew Offord.

Questions 1 - 71

Witnesses

I: Mr Barry Turner, Director of Plastic & Flexible Packaging, British Plastics Federation; Mr Rick Hindley, Executive Director, Alupro; and Dr Nick Kirk, Technical Director, British Glass.

II: Lee Marshall, CEO, The Local Authority Recycling Advisory Committee (LARAC); Martin Curtois, External Affairs Director, Veolia; and Samantha Harding, Executive Director, Reloop.

Written evidence from witnesses:

[British Plastics Federation](#)

[Alupro](#)

[British Glass](#)

[Local Authority Recycling Advisory Committee](#)

[Veolia](#)

[Reloop](#)



Examination of witnesses

Witnesses: Mr Barry Turner, Mr Rick Hindley and Dr Nick Kirk.

Q1 **Chair:** Good afternoon and welcome to the Environmental Audit Committee for the first of two oral hearing sessions that we have for our inquiry into the deposit return scheme. We are looking as a Committee to help the Government as they commence their final consultation ahead of the designing of the scheme to ensure that the scheme is designed to help achieve an increase in recycling rates for containers.

We have two panels today. The first panel is from trade associations involved in the manufacture and supply of different types of containers. The second panel is from those engaged in the recycling and waste collection operations. I welcome our witnesses for the first panel, starting with Mr Barry Turner.

Mr Turner: Good afternoon to everyone. I am here representing the British Plastics Federation where I am responsible for issues relating to packaging.

Mr Hindley: Good afternoon, everyone. Thank you for the invitation to join you this afternoon. I am the Executive Director of Alupro, the aluminium packaging recycling organisation. Our members represent what we call the circular aluminium packaging supply chain, and we represent them, and plan to exceed and meet the recycling targets.

Chair: I should just disclose to the Committee that Bridgnorth Aluminium is a member of Alupro and is one of the largest employers in my constituency. I know the trade association well.

Dr Kirk: Good afternoon, everyone. I am Nick Kirk, the Technical Director for British Glass, which is the trade representative body for the glass industry in the UK. We strive to support the local economy and to exceed all recycling targets.

Q2 **Chair:** Thank you, Nick. I was attending a summit on recycling that you organised for your members earlier this morning.

To start with, could you each give the Committee a brief overview of how you see a deposit return scheme positively impacting on recycling rates within your categories in the UK?

Mr Turner: The most commonly used material for average packaging in the plastic sector is PET. PET started its life in recycling kerbside in 1990. Over the last 26 years we have seen the recycling levels increase to 69%, with the main challenge now being recycling on the go. All local councils now collect PET. The majority of householders participate in PET recycling in their homes, and it is all about on the go. That is where the main challenge is.

Q3 **Chair:** Would you explain what the expression "on the go" means?



Mr Turner: When containers are being used outside the home, that is where the main challenge is due to the lack of recycling facilities out of the home that are available to allow consumers to recycle. Obviously if they are not recycled on the go, there is the possibility they are littered. That is where we see the main benefits arising and the main challenges and opportunities for increasing recycling further.

Q4 **Chair:** Also reducing litter.

Mr Turner: Yes, one would hope so. Although last summer we saw horrendous sights of people leaving all sorts of litter, including tents in the countryside, chairs and goodness knows what. Litter is a broader challenge. One would hope that this will help to reduce litter, but there are much bigger challenges.

Q5 **Chair:** Rick, could you give us a perspective from the aluminium sector?

Mr Hindley: First and foremost, it is important to make it clear that we are very supportive of working with the Government to design what we hope will be the world-leading deposit return system. Specifically for aluminium, we have material that is infinitely recyclable and already has extremely high recycling rates. The aluminium drinks can is the world's most recycled package, and in the UK in 2019, we recycled close to eight out of 10 drinks cans.

Having said all of that, we have a very clear vision, which is to reach close to 100%. To see how achievable that was, we commissioned a report with Resource Futures. It concluded that with a reform of the existing PRN system, we could achieve a recycling rate for drinks cans of around 90%, and a deposit return system could potentially add another 5% on top.

Our focus is very much on a design of the system that is fit for purpose in the UK and that is designed to not just replicate what happens in other countries. The UK market dynamics are very different in sales and recycling. We are very focused on the design of the system to make sure that it does not undermine the excellent recycling rates that aluminium already has and helps us to achieve our vision.

We very clearly recognise that one of the main drivers for the implementation of a DRS in the UK is for other materials to achieve similar collection levels, and particularly plastics, which have to achieve a 90% collection level under the single use plastics directive. It is important that we design a system that works for all materials and does not cut across or distort markets.

Q6 **Chair:** We will get into the design of the preferences that you each have for the system during the course of our questions.

Nick, in the session I was in earlier this morning there was a very stark contrast drawn between the effectiveness of the capture of materials, in particular glass, in Wales versus England, where the English recycling



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rate is nothing like as good among local authorities compared with the Welsh. Could you give us a sense of why we have been so slow in England compared with other parts of the UK, and how effective you think such a DRS scheme would be in improving recycling rates of glass?

Dr Kirk: British Glass and our members fully support an effective glass collection system as glass saves energy, associated CO₂ and natural resources. There is a benefit to all of us and industry as well.

Currently in the UK we collect from recycling 76% of the glass via local authorities. It is very good there. You mentioned Wales, which trumps that even further. It is currently collecting for recycling 87.3% and that is all from households. It is really positive that it can be done from a household.

The introduction of a DRS for glass works very well in countries that do not have an effective collection system for glass, for example many US states. As has already been mentioned, it is an excellent method for on-the-go packaging as the packaging tends to be disposed off at the point of consumption. Glass does not really fit into on-the-go packaging. There is very little glass used on the go.

I am concerned that we might be introducing two collection systems for glass and inadvertently introducing confusion and inconvenience for the consumer. We need to keep it simple for glass—have a single collection point for glass. At the moment, glass is collected from the household and we need to utilise that system and develop the EPR and consistency of collection.

Q7 Chair: We will come on to the impact on local authority collections systems during the course of the discussion. Barry, could you give me a sense about how you think the DRS scheme for plastic packaging will work alongside an EPR scheme?

Mr Turner: A DRS is a form of EPR anyway, so clearly the two should sit alongside each other. The only difference in producer responsibility with a DRS scheme is that it is focused on a limited range of containers.

We see them just as similar mechanisms of producer responsibility. I think the challenge for the plastic sector more than anything is how you get the maximum reward from any redesign of collection for recycling. Like the other sectors, we have set very ambitious targets for the recycling and reuse of plastics and packaging alongside the plastic packed members. We want to see the maximum boost right across the board to recycling and the DRS can form a part of that and probably contribute a couple of percentage points to the overall recycling of plastic packaging overall. But, because of the wide diversity of containers, we will want to see movement right across the piece and the comprehensive recycling of all plastics packaging and the best schemes possible to achieve that.

Q8 Chair: Could you give us a sense of the impact in other countries or other jurisdictions where it has been introduced? Are you saying that a



DRS for drink containers currently accounts for only 2% of all plastic waste or is that—

Mr Turner: No, what I am saying is if we move from the current levels of recycling of 69% through to the 90% target under a DRS, that would move the total recycling of plastics by two to three percentage points. That is the improvement in recycling.

Q9 **Chair:** Do you think it is feasible to get from the current 69% to 90%-plus? Is that the experience of other countries in plastic containers?

Mr Turner: The main challenge for the UK, because we have an established kerbside scheme, is how you design a scheme that focuses on the area that is going to provide the most benefit. As I said at the outset, for plastics and aluminium, and potentially a small amount of glass, that is the on-the-go element.

Chair: Thank you. Matthew Offord is now going to ask some questions.

Q10 **Dr Offord:** Mr Hindley, I want to ask a few question about the type of waste materials. First of all, what would be the benefit of including a wide range of materials in any deposit return scheme?

Mr Hindley: First and foremost, the deposit return scheme has to be fair and equitable across all materials and therefore you don't want a scheme that is going to distort the market and shift consumers from one material to another. The design is critical for that. Equally, I think if all container types were included it is much more straightforward for consumers to understand how the system works. It is those two things—not distorting the market and keeping it simple for consumers. We absolutely advocate that all types of containers should be included.

Q11 **Dr Offord:** That is pretty straightforward and I certainly understand why you would want to do that.

The inclusion of glass has been controversial in other DRS schemes. I cannot understand that myself personally because 31 years ago, when I lived in California, there was a glass return scheme and it provided a deposit for bottles and, indeed, cans. Dr Kirk, can you explain what the problems would be if glass were included in this scheme for England, Wales and Northern Ireland?

Dr Kirk: As I have already stated, my view is glass should not be included in a DRS as it will reduce the quality and quantity of glass collected and also increase carbon emissions due to collection vehicle movement, retail movements of vehicles and consumer journeys back to the retailer. We know from the evidence that this will drive more plastics being consumed over glass.

The two reasons why the DRS was incentivised to switch from glass to plastics is the producer fee and the deposit fee. I will explain a little bit more. The producer fee that supports the cost of DRS is essentially applied to the cost of the product and for glass this is higher. Denmark is



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a good example. Its producer fee for glass is about five times higher than plastic, and therefore it is an incentive to switch from glass to plastic packaging formats.

To avoid the producer fee, a leading German retailer decided to stop selling products in glass and converted to other packaging formats, and I am sure the Committee do not want that sort of outcome. It has also been seen in countries such as Finland, Germany and Lithuania that the cost of glass collected by a DRS can be twice as much as the EPR system. Even though the DRS is based on producer pays, in reality we all know it is the consumer that would pay.

Switching from glass to plastic has been witnessed in countries such as Germany, Croatia and Finland. Again, this is all due to the high producer fee. Another good example is Finland: when they introduced a DRS we saw a change in the use of PET containers from 50 million up to 375 million over 10 years while glass declined by 100 million over five years. Again, I am sure we do not want to see that sort of market impact in the UK. I am concerned that a DRS should not be a one-size-fits-all solution and including glass in a DRS will be detrimental to glass recycling in the UK.

Another good example is Norway, where they have a DRS that is only for plastics and cans, and they achieve around about a 97% collection rate for plastics. Glass is outside the DRS and EPR and that achieves 90% recycling. It has been demonstrated that by putting glass into an EPR outside a DRS you still get high glass recycling.

We have a fantastic infrastructure in the UK for collecting glass. Due to the weight, and also the fact that a lot of glass beverages are consumed in the household and not away from the house, and therefore would be disposed of at the house, we need to utilise our own doorstep and recycle using the kerbside collection.

Q12 Dr Offord: That is very interesting, thank you. Mr Turner, I will come to you now. What scope do you see for materials beyond what we call traditional, such as cartons or coffee cups?

Mr Turner: There are some schemes in operation in the rest of the world—in Australia, Canada and the USA—that include cartons in the deposit return schemes. There is precedent for that. Coffee cups less so, but certainly carton beverages are included in schemes elsewhere in the world.

Q13 Dr Matthew Offord: My final question is to all three of you. Are there any types of waste that you believe should be excluded, particularly for hygiene and contamination issues? I will start with Mr Turner.

Mr Turner: Traditionally the majority of schemes exclude products like milk. There are a number of reasons for that—hygiene, odour if the container is not rinsed. Milk is usually consumed in the home, used in the home, recycled in the home. In the UK we are already achieving 86%



recycling levels for milk containers. The benefits of including them in a DRS scheme compared to some of the risks are just not there.

Dr Kirk: We do not want glass included in a DRS, but one consideration is—we have already picked up this concern from retailers—the risk of broken glass around the reverse vending machines within retailers’ premises and outside of premises. Glass, when it is empty, tends to be more vulnerable to breaking and chipping—so this affects even the consumer taking it back—and glass is relatively heavy compared to other packaging materials: 12 beer bottles could weigh 3 kilograms, which is the weight of three bags of sugar. We are asking the consumer to take that back to the retail premises when they could dispose of it at their doorstep.

Mr Hindley: From an aluminium point of view, and just specifically talking about aluminium packaging here, there is no beverage packaging that we would suggest should not be included in the scheme from a hygiene or contamination point of view.

To make a closing comment on the point you raised at the beginning, the scheme needs to be future proofed so that the scheme administrator has the ability to add materials. New materials come about all the time. We have recently seen in the press talk about a paper bottle to replace plastic and glass bottles. The scheme needs to be flexible enough to be able to add new materials that compete with the materials that are in it. Equally, if there were a material that is excluded—if glass was excluded, for example—those materials should have the same high collection and recycling targets that the materials within the DRS have, and should be faced with the same penalties if they do not hit those targets.

Q14 **Caroline Lucas:** My first question is to Rick Hindley. It is about the size of containers. What size containers do you think should be included in the scheme?

Mr Hindley: We fully support an all-in scheme, which incorporates all sizes of containers. The reason we think that should be the case is because in that way you will get higher return rates, so there is no confusion about what is included. It is consistent for consumers and you will not get a situation where producers are shifting to slightly different sized containers to avoid being in the scheme.

Having said all of that, we firmly believe that there should be a variable deposit rate based on the size of the container. Larger containers should have a higher deposit than smaller containers, particularly because we are very concerned about the impact on multipack cans. Perhaps we will have the opportunity to talk about that a bit later on.

Q15 **Caroline Lucas:** Am I right Mr Turner, that you are not in agreement with your colleague here about that? If so, why not?

Mr Turner: The majority of schemes that are already operating tend to operate on a flat fee rate. There are examples of variable fees. In this



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day of climate change we should be also mindful that any scheme that we design should be lower in climate change impacts. If there are shifts in container size that arise from this, a larger container obviously uses less material compared to a smaller container, relative to the contents that it contains and protects. As long as you design flexibility in the scheme, you can correct any unintended consequences. The majority of schemes in operation tend to have flat fee rates.

Q16 Caroline Lucas: Sorry, that was my fault, I wanted to press you more on the issue of size and on the go versus all in, rather than the cost. As I understand it, you think that we should focus on on the go. What do you think the benefits of that are, particularly since I would say that most of the people who are looking at this from the environmental perspective would say that bigger gains are reached if you take an all-in approach?

Mr Turner: The current recycling rates that were achieved from the kerbside system, because this kerbside system is comprehensively available, tend to be very high and it is difficult to see how much more we can improve those, certainly from a plastics perspective. The challenge for the plastic sector, and I suspect it is an equal challenge for some other materials, is it is the containers that are used outside the home that simply do not get recycled. Any scheme we design has to have how you solve that problem at its heart. That is where the best reward can be delivered.

Q17 Caroline Lucas: There is evidence, though, isn't there, that the divide between what gets used in the home and what gets used outside of the home is a divide that is getting slimmer by the month? Surfers Against Sewage, for example, look at beaches and discover there are all kinds of sizes and shapes. By having a clear and more consistent set of messages for the public that they will easily understand and therefore abide by, the all-in scheme is more effective from that perspective.

Mr Turner: The other aspect we have to consider is the convenience for the consumer as well. If you can design a scheme that enables them to continue to use the kerbside scheme, which I think we will be coming on to later, maybe that is the answer. If you are asking them to go back to a central point to redeem their deposits, I think that will get less support from the consumers. It is all about how you design the scheme in a way to get the best outcomes in participation, whether that is recycling at home or recycling on the go.

Q18 Caroline Lucas: Dr Kirk, what do you think could be some of the unintended consequences of limiting the container sizes that are included?

Dr Kirk: Coming back to looking at the deposit rate, I am very concerned that the deposit could possibly encourage the purchase of large containers, which will result in larger portion size and lead consumers to consuming more alcohol or sugar per sitting. That is my concern there. To put that into a financial context, if we look at an example where a



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consumer is faced with a scenario of purchasing 12 beer bottles, that will be a £2.40 deposit. However, if they opted for a larger container at 2 litres, they would only have to purchase two, so it would be 40p deposit. That could sway their buying decision.

It would be shocking if one of the outcomes of a DRS is to incentivise brands to supersize their portion sizes to overcome the DRS deposit. Also, from an environmental point of view, larger containers, especially with carbonated drinks, tend to lose the fizz of the drink very quickly and you tend to get food waste. There is a downside there. Also larger containers tend to be plastic rather than glass because a lot of glass packaging, especially for soft drinks, beer, cider, and so on, tend to be based around a single portion size. This potentially could distort the market in that there will be a material switch from glass to plastics to buy larger volume containers.

Caroline Lucas: That is very helpful, thank you so much.

Q19 **Helen Hayes:** I will ask all the witnesses: what return method do you consider would be the most useful to achieve the most value from recycle?

Dr Kirk: Thank you for that. Glass should be collected whole to ensure that it can be recycled by closed loop recycling. If you start to break glass up into small particles, which is likely to happen in a reverse vending machine, it makes it less able to be recycled back into closed loop recycling. Therefore, it would be lost to go back into containers and particularly would be lost to go into aggregates. It is very important that the glass is collected whole.

It is a very bulky material and, therefore, the DRS administrator is more likely to push towards to crushing. My concern is that we are potentially losing valuable material and also using valuable carbon. Crushing of plastic or aluminium tends to have less impact on its recyclability. As has been mentioned, Wales has demonstrated that the kerbside collector glass, especially separated, is of very high quality and is suitable for closed loop recycling back into new containers. They have achieved that by good, consistent communications, public engagement and have achieved very high recycling rates.

The other concern is beverage bottles tend to be consumed in a household, especially glass bottles. If we are expecting the consumer to take those back, it could be quite a fair weight. As I mentioned earlier, we could be talking about 3 kilograms or 4 kilograms, which is three or four bags of sugar someone could be taking back. That could possibly be a hindrance to consumers that are less able or do not have access to public transport. We have to consider where the product is consumed and where it needs to be taken back to. Other packaging formats are lighter, so it is less of an issue to take them back to the retailer.



Mr Hindley: It is important to point out that aluminium is the most valuable material by far that is collected in deposit return systems and makes a significant contribution to the financing of the schemes. It is important to get as much aluminium into there as possible. That is another reason why we do not want to design a scheme that encourages people to move away from aluminium into other materials because that affects the financial viability of the scheme.

There is no doubt that a deposit return scheme typically delivers high-quality material, which is perfect for recycling back into new drinks cans, but the UK has set up its recycling system through the kerbside collection system and the aluminium industry has developed its recycling system to work within that. We are fortunate to have a recycling plant in Warrington in Cheshire, which has the capacity to recycle every aluminium can that is sold in the UK and recycle it back into ingots to make new cans. That plant has the flexibility to accept lower quality material that can be collected from kerbside and is designed to do that.

Quality is not such a great issue for us as it is for other sectors. Typically, you get a slight increase in the value of the material that is collected through a deposit return system, but it is not massively significant.

Mr Turner: This is very similar to the aluminium sector. Plastics is the second most valuable material to be collected for recycling. On quality, a bit like the aluminium sector, the recyclers in the UK have had to adapt to pre-sort material to get it to the standard that is adequate to recycle in the UK. We have established PET recyclers in the UK, so the problem can be overcome in different ways. Our preference clearly is that a pre-sort was not necessary by the recyclers and that it came out of the MRFs to the required quality, but at the moment we are managing with that extra pre-sort in front of the recyclers.

Q20 **Helen Hayes:** Thank you very much. Also to Mr Turner, what would be the benefits of a digital deposit return scheme?

Mr Turner: There are many benefits to the digital DRS that potentially could be available. If you think about consumer participation, one of the things that a digital DRS could do is allow consumers to continue to recycle their containers kerbside and still get their deposits redeemed. It could give you that flexibility that builds on the benefits of the existing kerbside scheme without replacing it with another system that would require the consumer to return to a central point.

There is some data available on this: 70% to 80% of consumers would prefer to continue to use the kerbside scheme even with a DRS and 60% of consumers would find it inconvenient to have to return the containers, especially when you bear in mind that 30% of consumers who shop at a supermarket get there by either walking or travelling on a bus, so they have the inconvenience of carrying the containers back to the store.



The additional element, of course, is shopping online. It offers all sorts of flexibility in allowing us to focus on the important areas, build on the existing infrastructure, and give a level of granular data about the products that are sold on the market that simply do not exist now.

Q21 Helen Hayes: Thank you very much. That is very interesting. I will ask all witnesses, finally: how developed is digital deposit return scheme technology and how feasible would it be for your industry to roll it out?

Dr Kirk: I understand that a number of trials are planned to look at digital DRS and British Glass is part of the working group to understand this technology further. I believe, as Barry has mentioned, that the technology will be really useful to allow the opportunity for consumers to dispose of the waste at convenient points. That could be at the household or public spaces. That will lead to more glass being recycled if glass is included in a DRS, but I think it is really important to base any decision on evidence. I look forward to the trials that are going ahead to understand the impact and the benefits.

Mr Hindley: We are also involved in the industry group that my colleague mentioned, but we are in the mode of trying to understand the role that digital could play, because it is new. We are interested that a lot of things in everyday life have gone digital. Everybody is used to using apps now, but how it can work in a DRS is still to be determined. There are challenges to face, there is no doubt about it, and one of the challenges we face from the can side is that you have to print unique codes on every can. If you can imagine a can manufacturing line running at 90,000 cans per minute, it is a significant challenge and we are trying to understand that.

We are very interested to understand how it could work. We are definitely not yet advocates for it, but we are very much in the fact-finding stage. We suggest that it could be a solution to making on-the-go DRS more convenient and more accessible. We recommend that the DRS should be designed to be flexible, so if digital is at a point that it can be introduced, it could be introduced either alongside or as an alternative to a traditional type of system. In summary, it is developing technology; we need to understand more about it and we need to test it.

Mr Turner: Yes, like my colleagues, I agree that it is an emerging technology but it is working on proven technology—barcodes, barcode readers, apps. We are looking forward to the results of these trials. I think it offers promise, but it has to be looked at properly. The costs have to be compared and the behavioural advantages have to be looked at, because these schemes are all about designing it in the best way with the minimum cost to achieve the maximum benefit. The consumer has an important role to play in that, so consumer engagement is at the heart of it.

Helen Hayes: Thank you very much.



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Q22 **Chair:** I will follow that up so that I am crystal clear that I understand what digital DRS means. I assume we are referring to the payment mechanism only. The complexity, as you have just explained, Rick, is that you have to individually stamp each item to be able to reduce the risk of fraud; is that right?

Mr Hindley: Absolutely. Every container has to have a unique code that the consumer would scan with an app on their phone and it needs to be unique because that goes into the system and the deposit is effectively disabled once it has been claimed. Every container needs a unique identifier on it.

Q23 **Chair:** It only applies to people who use mobile payment systems, so people who don't use mobile phones or don't have access to mobile phones would not be able to adopt it.

Mr Hindley: That is why it is important that perhaps it would work alongside an existing system, but there are ways in which they could also redeem their deposit through a traditional system. That suggests you would need a mix of systems.

Q24 **Mr Goodwill:** I will start by asking Dr Kirk to clarify something. I think possibly there may be a misconception among the general public, who are very supportive of DRS schemes. Like Matthew Offord, I can remember that in my childhood we would take the empty bottles back to the shop. Indeed, we went round our friends and relatives to collect bottles to get money for sweets. One of my friends came up with a fantastic scheme where he would get the bottles from the back of the shop and take them round to the front. I hope the statute of limitations on that has finished. Those bottles were put back into the crate they were delivered in and taken back to the lemonade factory, which was 8 miles away, to be washed and refilled.

I wonder whether many people who support these schemes think that we are going to have a system like the milk bottles where the bottles go back to the plant, they are washed and refilled, which is a closed loop and the glass does not need to be melted. Are there any circumstances where that is the way the scheme would work, or are we looking at crushing the glass and then turning it into new bottles and not returning them to Doncaster or Pilsen or wherever the beverage may have been produced?

Dr Kirk: First of all, thank you for sharing your younger days and what you were up to then. I am sure many of us remember the returnable fizzy pop bottles that we used to collect. One of the famous brands at the time was called Corona, of all brands. Yes, it worked very well and the reason is because it was a local scheme. You had a local either pop or beer brand and it would come to your house, deliver it, you would consume the contents and it would go back. I believe there is quite a bit of consumer confusion. We have done some work on this and when we talk about a deposit return scheme quite a few consumers think it is the old traditional take back, refilled method.



Mr Goodwill: I think possibly the majority of the people I talk to.

Dr Kirk: Yes. I think we need to be very careful here. We need to get this message across because when the consultations and surveys have been undertaken, the public, quite rightly, think it is an excellent idea because they have fond memories of when they used to do it. But, as you quite rightly said, you are taking the bottle or plastic container or aluminium can back and it is crushed and ground and made back into a new product. It is not that product coming back to you. However, I think going forward there is space and many brands are looking at the returnable system for doing returnable exercises. They tend to work more locally, very much like the dairies that will bring your milk in the morning and take it away. The trouble with a returnable system is if the bottle has to travel a long way back to be refilled it starts to incur a lot of mileage, a lot of transportation cost. It has to be quite a local, regional thing to work. I do see it coming back and I support that sort of reusable system coming in, but it is very different to DRS.

Q25 **Mr Goodwill:** Way back, when I was in the European Parliament with Caroline, we looked at whether there should be a standardised bottle that could be used—a brown bottle for beer and a white bottle for fizzy pop. People like Orangina and Coca-Cola said, “No, the bottle is part of our brand. We can’t have a standard”. Is there any possibility we could have bottles that could be used for a variety of materials, or would that not meet with the requirements of the producers who want to have their brand as part of the bottle?

Dr Kirk: I think the brand as part of the bottle is a very important thing to the brand owner and you will see it on soft drinks, beers and a whole range of different beverages. I think that would be a challenge, but if there was a way of standardising the bottle in certain aspects, that would make it more reusable. I have done some work out in Africa and the returnable system is very prevalent there—it is used everywhere, using a standardised bottle shape. It is a possibility but it is very different to the DRS concept.

Q26 **Mr Goodwill:** Would you need thicker gauge glass that would be heavier to enable multi-use bottles?

Dr Kirk: Multi-use bottles tend to be slightly heavier in weight because they need to be a bit more robust. A milk bottle can potentially go round 20, 30 or 40 times before it is replaced, so that little bit of additional weight is offset, because it is recycled or reused so many times.

Q27 **Mr Goodwill:** Thank you. Turning to Mr Hindley, could you explain the impact on the level that a deposit fee can have on consumer behaviour? Going back to my younger days, the cost of a penny chew would generally incentivise one to go back, but given that people travel further to get their shopping, what level of fee would encourage people to recycle and return rather than just dispose of it in the general waste? I assume that kerbside collection would have to stop to incentivise it.



Mr Hindley: Your last point about kerbside is interesting and maybe we will come back to that later on, but to talk specifically about the deposit level—and this is something we are really interested in—we have real concerns about the level of the deposit. We talk about flat deposits and variable deposits. Just to challenge something that Barry said, there are more deposit return schemes with variable rate deposits than there are flat rates according to Reloop, who you have later on. All the Nordic schemes have rates that vary according to the size of the container.

We would advocate that the deposit needs to vary according to the size of the container. That is because from our perspective we are really concerned about multipack cans and the risk of shifting people away from infinitely recyclable aluminium cans into large format plastic bottles. The most common format of multipack cans is 24 cans, which you will see in the supermarket. Twenty-four cans with a 20p deposit, as an example, means that you will be charged a deposit of £4.80 for those cans. You could buy the same volume of the same drink in four 2-litre plastic bottles and pay only an 80p deposit. It is a 60% effective on the shelf price increase for the cans against a 13% price increase on the plastic bottles. We did a consumer survey to test this and 60% of consumers told us that they would switch out of the multipack cans into the large format plastic bottles, so that would result in significantly more plastic bottles on the shelf than we see today.

The reason it is so relevant to us is that 96% of all beer cans are sold in multipacks and 59% of all soft drinks, so it is a really significant risk to our industry and we believe it is a risk to the scheme. To understand this more, we asked London Economics to conduct some research for us to understand the impact of flat and variable rate deposits. They came up with some very interesting conclusions. The research clearly demonstrated that there would be a shift from cans into plastic bottles, but equally some very positive conclusions on a variable rate that we had not considered in advance. A variable rate, according to London Economics, would deliver higher collection and recycling rates in the first two years than a flat rate deposit by about 10% or 12%. You would get high collection rates quicker.

Q28 **Mr Goodwill:** Wouldn't you base it on the volume, so if it was a 1 litre bottle it would be twice the deposit as a 500 ml?

Mr Hindley: Not necessarily. We are not advocating specific levels of deposit because that needs to be left to the scheme administrator. We are advocating that the regulations need to specify that the deposit should vary according to the size of the container. You may have one or two different breaks. Some Nordic countries have two different deposits, and some have three, depending on the size of the container. It may be starting at 20p up to 500 ml and then perhaps 40p and then up to 50p, or you could have two levels, but we believe that should be left to the scheme administrator.



The conclusion was that you would get higher collection rates quicker and equally the scheme would be cheaper for producers to run than with a flat rate. There are clear benefits of having a variable rate deposit, which is the norm in all the Nordic deposit return schemes.

Q29 Mr Goodwill: What impact would this have on local government finances? At the moment aluminium is a valuable product and I am guessing local authorities make money out of the aluminium they collect. If you were to take that out of the waste stream and return it back to the retailer, would that mean that it was more expensive for the council to collect the other rubbish?

Mr Hindley: It is quite a complex question you ask. Certainly the largest part of the aluminium fraction—of course, they would be left with the aluminium trays and aerosols—the beverage cans, which are the most valuable in any waste stream, would be removed. That value would go to the scheme administrator to help to fund the deposit return system. It would effectively increase the net cost of the remaining kerbside collection, but under the reform of the producer responsibility system, the producers would pick up the additional cost rather than the local authorities. All of the local authority costs of collecting packaging under the EPR system changes will be shifted to producers anyway.

Q30 Mr Goodwill: Okay, thank you. Could I ask all the witnesses about the level of fee? What minimum fee would you say was enough to stimulate consumers to utilise the scheme? In the past it was a threepenny bit, as I recall, but what sort of level do you think would encourage people to carry round the container of the drink they have just had—stick it in their pocket, backpack or whatever—so that they can get the money back? Has any research been done on that? I will start with Mr Hindley as you are on screen at the minute.

Mr Hindley: Scotland has already chosen to go for a flat 20p starting level and the consumer research we have done shows that 20p is a good starting level and is supported by the majority of people who responded to the survey. Interestingly, in the same survey, which was done last month by YouGov, 85% of the people we spoke to supported a variable rate deposit, so they understood why the deposit would vary according to the size of the container. We see 20p as a minimum, and to make it consistent with Scotland, and then going up from there depending on the size of the container.

Mr Turner: Reloop has done some research on this and there are examples with the higher rates that are applied for deposit you get higher returns. I think the challenge for the UK is that we are introducing this after we have an established system and against a backdrop that in the UK we are seeing littering of high value items, much higher than drink containers, by some sectors of the general public. I think that we need to really look hard at whether or not 10p or 20p is going to be sufficient incentive to return and whether or not the digital opportunity would get a better level of participation than just looking at a rate of 20p or whatever.



Q31 **Mr Goodwill:** It has just occurred to me that in more affluent areas where people would not see 20p as worth the bother of it, local authorities presumably will collect a lot of the stuff that is not put into the DRS scheme and they could claim the deposits on it too, could they?

Mr Turner: Yes, the scheme would have to be designed in such a way that that was provided for, but equally I think it is—

Mr Goodwill: Or maybe just a perk for the bin men if they are able to pull them out of the waste stream. Stranger things have happened.

Mr Turner: One of the concerns with deposit schemes that I think needs looking at is what is referred to as bin mining, and that can happen on the streets as well as out on the kerb.

Q32 **Mr Goodwill:** I think I would certainly encourage my children to go round the night before—people put their bins out the night before—and collect up as many cans as possible. With 20p a shot you would probably collect quite a lot and that would incentivise waste recycling.

Finally, Dr Kirk, what sort of level do you think would be enough to incentivise people to participate?

Dr Kirk: Building on Barry's comment there, one of the concerns of the small retailers is security. How do they secure all these cans and bottles they are collecting at the back of their premises? If they have 20p on them there is obviously some value there, so that is a consideration.

Coming back to the variable deposit, as I mentioned earlier and supporting what Rick was saying, the variable deposit is more likely to reduce the switch from small containers to large containers and also the associated issues with portion sizes and public health. But I would recommend—there is quite a lot of research out there—that some independent research is conducted to understand the impact of the actual deposit rate that is acceptable.

A good example—this is only applicable to glass and it is quite a good one—is that a very famous Scottish soft drinks brand used to have a returnable glass bottle. It was quite a large heavy bottle and it had a 30p deposit. In 2015 they decided to stop that returnable bottle for filling because it was not being returned. People chose to dispose of it at home in a kerbside collection, so they forfeited the deposit for the more convenient option of home disposal. That is something to consider with glass that demonstrates that people are not willing to take back that bulky material. The whole deposit thing needs a lot more investigation.

Q33 **Mr Goodwill:** I can see a great opportunity for charities in villages like mine where they collect all your bottles and cans and take them through and put them into a local charity for the convenience of having it picked up from the kerbside. There are going to be quite a few interesting developments on those schemes with communities maybe using deposits as a way of collecting money for charity. Back to you, Chair. Sorry, I am



digressing.

Chair: It is all right, Robert, we enjoy your digressions. I was just thinking to myself I am sure that if your children were collecting for you, they would be paid threepence and you would be getting the 20p from the manufacturer.

Mr Robert Goodwill: It is Yorkshire.

Q34 **John McNally:** It is always a pleasure to follow Robert. You are absolutely right about Irn-Bru. It is a household name probably throughout the world. Before I move on to my questions, I think that is a very interesting idea, Robert. I have had local discussions with schools about how they would collect the money for the deposits, training their kids to be become entrepreneurs in some way. They get an understanding of what is happening with sustainability in their own community and that is something I would love to hear more about.

My question is, first, to Barry on the interoperability between England, Scotland, Wales and Northern Ireland. As you know, last year the Scottish Parliament approved legislation for the DRS scheme and it is supposed to start next July, but they are going to have to review that because of the pandemic, obviously. With the cross-border things that are going on, we have heard that Finland and Estonia are taking the product from one country to the other, crossing seas to get a higher rate of return. What are the possible implications for a scheme to operate in the rest of the UK now that Scotland has adopted this legislation for its own scheme? Can the separate schemes for separate nations work? What would the complications be, in your words?

Mr Turner: I think it is certainly preferable. We have touched on the deposit scheme level and obviously the higher the deposit, not only the higher level of participation but also the higher level of possible fraud. From a business point of view, I think most stakeholders would prefer to see one scheme operator for the whole UK, one scheme for the whole UK, and one scheme that is flexible so that it can be easily changed cost effectively to accommodate changes in pack design or shifts that are undesirable in mix. As long as flexibility is at the core of scheme design, I think most stakeholders would prefer to see a consistent approach. It is easier to communicate as well. It overcomes the risk of potential fraud. From our perspective, we would prefer to see one scheme designed for the whole of the UK.

Q35 **John McNally:** Do you know if waste migration is a huge problem in many countries?

Mr Turner: It does exist, but I think they have managed to mitigate as much as possible through scheme design. I think we need to be mindful that any scheme needs to be designed in a cost-effective way to achieve the right outcomes. The more you complicate, the more costly it is likely to be if you are operating different schemes in different parts of the UK.

Q36 **John McNally:** Thanks for that. My next question is to Nick first of all. I



have visited the Coca-Cola site in East Kilbride. They have said that the Scottish scheme ties the rest of the UK to follow their lead on material scope and the deposit fee. I quote Coca-Cola, who said, "If Great Britain intends to maintain a single food and drinks supply chain, any final scheme in England should replicate the materials in Scotland's deposit return scheme, which will be implemented in 2022". Your own organisation, British Glass, said, "While we are aware the Scottish Government has outlined their intention to include glass in a scheme, this must not dictate the materials that are included in other schemes in the UK". The final point, which was really interesting is, is that you have said, "While we continue to call on the Scottish Government to think again about including glass in a DRS, we are clear that when it comes to our environment, the policy of lowest common denominator is simply not good enough". I would chime with that. How are you going to reconcile all these things if you have one standard that is higher than another?

Dr Kirk: It is a huge challenge getting a system that will be compatible across all four nations. Our viewpoint is that just because Scotland has gone ahead, we should not really see this as the sole reason for the rest of the UK to adopt a DRS with glass in scope. We need to review what is best for collection of all materials. Each material has a different challenge. If we adopt exactly what Scotland is doing it could possibly be a great failure. The Committee needs to decide on the best option for glass recycling and the evidence firmly suggests that by enhancing the existing infrastructure with the EPR system we would increase glass recycling.

The challenge with glass is that it is different to plastics and aluminium in that it is less likely to be taken back—it is more inconvenient to take it back to a retailer. We need to look at the options for glass independently to the other materials and find the best solution for glass collection in the UK. I have seen recently that Dumfries and Galloway has announced that it will be ending its kerbside collection of glass due to the small quantity of glass that will occur due to the DRS. We have to be very careful that local authorities are not starved of valuable material that they already collect and also are not underutilising their existing infrastructure for collection from the kerbside.

Q37 **John McNally:** Thank you. Rick, would you like to comment on that question as well?

Mr Hindley: Yes, definitely, and I echo some of what my colleagues have said but also, as there is now a potential for delay in the Scottish scheme pending the review that has been announced recently, perhaps we should not rule out the possibility of a single scheme across the UK because the timings could tie together. We recognise that certain parts of the design of the Scottish system have been put into legislation, including the flat rate deposit, which we think is a significant flaw in the Scottish system, particularly when our research shows that 24-can multipacks are dominant in the Scottish market. Scotland represents about 8% of the



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total can market in the UK, so if the UK was to follow Scotland with the implementation of a flat deposit, the collateral damage would be massive.

I support Nick in that we should not just replicate what has gone on in Scotland because potentially it is not the best design for the whole of the UK. I think we should do more work to see how potentially we could work towards a national scheme that is designed to be best in class for the whole country—the whole of the United Kingdom.

Q38 John McNally: Thank you. There needs to be a consent and there is a general agreement for a DRS scheme between the manufacturers, producers and local authorities. The problem seems to be they are all operating different collecting systems with different colour codes and different bins, but generally speaking I would say that most people are coping with that quite well with the whole system, and we have heard this before at the Environmental Audit Committee. I like what you said, Barry, about the litter. The litter is an absolute national disgrace in this country and the 30p or 40p or whatever it might be, or a threepenny bit according to Robert, is not going to make a lot of difference. I would like to see them putting points on driving licences to curb that.

However, to my question, and it is to Barry. How can we introduce flexibility into DRS schemes to be introduced in the UK? How can they be made simpler for consumers and producers to understand? It is confusing everywhere you go, whether you are at an airport, a railway station or taxi ranks. Every system and every local authority has a different way of collecting, so how could we make that easier for the consumer to understand?

Mr Turner: I totally agree with you. It is totally confusing and it is a particular problem for plastics where not all plastics are presently collected by all local authorities. We want to see that changed to achieve circularity for all plastics, but I think this is where in the future digital systems are going to be able to help. Recycling apps are available already and these will become more commonplace where you can see where your nearest recycling point is and what you can recycle there.

I think we have a big task in this country in tackling litter, which needs to be tackled separately to this issue because it relates to all sorts of litter, and we have to move to a zero tolerance to litter, in my view. Some serious attention needs to be given to that area.

On recycling, we have to make it a lot easier for consumers to understand what they can recycle. That is why I look forward to the consistent collections consultation because my hope is that we will at long last make that journey possible where it is going to be a lot simpler for consumers to know what they can recycle and where they can recycle it.

John McNally: Thank you very much.

Q39 Chair: I have a final question for any of you. Given that your trade associations will have representatives from big companies that are



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operating in other countries, are there any examples of DRS schemes in other countries that address your concerns, in particular the concerns that you have expressed about the Scottish scheme?

Mr Hindley: Going back to what I said at the beginning, the UK is unique, so I would caution against lifting a particular scheme from an existing country. We can learn lessons from them all. We have our kerbside collection system that is unique and in many cases it is the envy of the world. We must not trash that by putting in a deposit return system, so we need to be very mindful of that. We also need to be very aware that our on-the-go consumption, as Barry said, is significantly higher in the UK than it is in any other existing market. For me—you have heard it loud and clear today—the bit that I think we should take from the Nordic schemes is the variable deposit, which is in every single one of the Nordic schemes, and apply that in the UK so that we don't distort the market. But we need to design a bespoke system for the UK to address the challenges that we have heard about this afternoon.

Q40 **Chair:** Do you agree with that, Nick and Barry?

Dr Kirk: I will add a little bit more. I already stated that the Norway scheme is very successful where glass is outside the DRS and works on the EPR. One consideration is that the EPR system is likely to be introduced one to two years before the DRS, so the UK will operate an EPR system that will be running for a few years, building up momentum and infrastructure, and then all of a sudden we will introduce the DRS. To me, that is going to be quite disruptive because we will have two infrastructures in place at that point for glass collection. I would like the Committee to take away the thought of how that system is going to work with an EPR running for one or two years and then a DRS comes in, especially from the glass perspective.

Mr Turner: I totally agree that we must not undermine the existing kerbside scheme. We must build on it and focus on the right areas where we need most improvement. Also, we have to provide lower climate change impacts as a result of any policy interventions going forward. As long as the scheme is designed in that way, we are off to a good start.

Chair: Thank you. I think Robert Goodwill wanted to have the final word.

Q41 **Mr Goodwill:** I have one very quick point to Mr Turner. I know that many plastic manufacturers are using biodegradable plastics that are designed to go into the landfill. Is it possible that by excluding these biodegradable plastics from a deposit return scheme we could ensure they go into the waste stream and keep them out of the plastic that needs to be recycled? Presumably, if you put a lot of biodegradable plastic in with the other plastic, that will render it almost impossible to turn into new plastic.

Mr Turner: We would need to keep biodegradables separate from traditional recycling systems, whether that is compostable plastics or other forms of biodegradable plastics. They need to have separate



collection systems. That does not exist in the UK and it is a challenge for compostable plastics. It is a challenge that has to be addressed through EPR and the design of future collection systems.

Mr Goodwill: Thank you very much.

Chair: I will conclude this panel by thanking our witnesses, Barry Turner from the British Plastics Federation, Rick Hindley from Alupro and Dr Nick Kirk from British Glass. Thank you all very much indeed. You are very welcome to stay for the next panel and we will move straight on to that now.

Examination of witnesses

Witnesses: Lee Marshall, Martin Curtois and Samantha Harding.

Q42 **Chair:** I would like the panellists to introduce themselves very briefly with the organisation that they are from and the role they have that is relevant to this inquiry.

Lee Marshall: Good afternoon, Chair and Committee members. My name is Lee Marshall. I am Chief Executive of LARAC, which is The Local Authority Recycling Advisory Committee. We are a membership body for local authorities on waste recycling issues and we cover the whole of the UK.

Martin Curtois: My name is Martin Curtois. I am External Affairs Director at Veolia. We employ 15,000 people across the UK. We are very much involved in kerbside collection.

Chair: Thank you, including several in my constituency where you are the collection and waste company contracted by Shropshire Council.

Samantha Harding: Good morning. I am Sam Harding. I am the Executive Director of ReLoop. We are an international non-profit organisation operating in four regions around the world, focused on accelerating the transition to a global circular economy. I had a previous role at the CPRE countryside charity where I worked as the litter programme director. I have been engaged on the issue of deposit returns in the UK for the last 13 years.

Q43 **Chair:** You are exactly the right person for me to start my questions with. Could you give us your characterisation of the state of the UK recycling sector? You might also touch on the litter issue, as you have come from the CPRE. What impact do you think a deposit return scheme would have, either beneficial or adverse?

Samantha Harding: I will answer your last question first. I think a deposit system would most definitely have a positive benefit for the UK. DEFRA's own impact assessment has shown that an all-in deposit system would lead to benefits of £2.2 billion. That is their best estimate.



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My take on the UK recycling sector is that I have to take issue with the figures that you were given in the previous session. I think this fits into a larger situation that I am very concerned about on this issue. After 13 years of working on this and seeing various Governments and officials trying their best to bring these policies to fruition, it feels again that we are at a crossroads. On the one hand, we have excellent strategies like the resources and waste strategy and the better recycling strategy from Wales in place and a clear weathervane—a clear direction from Governments across the UK that they want to implement these policies. In the other direction, we have a lot of long grass that has been grown and cultivated by many sectors of industry over the last 13 years. What I have heard over the last hour is a good example of this long grass and these false issues that are still being presented, and still needing to be discussed and rebutted in formats like this.

I think that some of the recycling figures that were quoted are clearly false. I hope that many Committee members will have seen the figure released today that there are 8 billion drinks containers wasted every year in the UK—3.2 billion are PET, 2.6 billion are aluminium and 1.4 billion containers are glass. They are falling outside the collection systems that are supposedly doing so well. There were some key quotes made by people on the previous panel, not least one that some of these numbers reflected containers that were collected for recycling. This collected figure reported by local councils and trade associations is not a figure that reflects accurately materials that are recycling and I think that really has to be taken into account.

The 8 billion figure that I quoted before is based on Reloop's analysis of sales data and recycling data in the UK. One of the previous panel members said that the market dynamics are different for sales and recycling. I have just broken down to you what that dynamic looks like. It is 8 billion containers wasted through inefficient collection systems. In fact, PETCORE, who we took our national plastics recycling figures from, has said that the figure it quoted, which our estimates are based on, reflects an absolute maximum assuming no contamination in the waste collection volume. It is a false figure. Of course there is waste contamination in the way that we collect waste in the UK, so the figure is way over 8 billion and that is a very conservative estimate.

I think that some of the disingenuous comments that were made by the previous panel members about trying to detach the littering issue from the impact that a deposit return system would have on litter are completely incorrect. On the point about AG Barr and its supposedly failing deposit system for glass containers, it was operating outside a national deposit system. It was operating almost as a token—as an historic recognition of the longevity of that particular brand. AG Barr took the corporate decision to cancel that deposit system on its large glass bottles deliberately to try to scupper the progress that the Scottish Government were making on its plan for a deposit system.



The fact that British Glass claims to have a concern for public health on consumption levels and that there is also concern from the plastics industry about bin mining while at the same time they think containers should be kept in kerbside, are all arguments that have been going on for the last 13 years and it is complete long grass. I urge the Committee to stay focused on what each Government related to these policy issues has in mind, that we improve drastically the collection systems that we have for waste in the UK, that we reduce wastage and pollution, and that we build systems that collect waste, that create jobs and achieve resource scarcity¹ in the UK.

Q44 **Chair:** Thank you, Sam. I am rather disappointed that we did not have you on the first panel so that your challenge to the trade representatives could have been answered. I will not get into it now but it would be very helpful if you could set out the calculations that you referred to and source where the information comes from so that we can reflect that and perhaps raise it as part of our report.

I will turn to Lee Marshall. How do you respond to the allegation that your members are not doing a very good job of collecting and recycling?

Lee Marshall: Building on what the panellists said in the previous session, the UK has a comprehensive kerbside collection infrastructure and the collection systems generally work very well. Most people can recycle the majority of the main packaging materials at the kerbside. There needs to be a difference between saying that local authorities are not performing well in providing the systems, because they are. The next level we need to look at is how people use them, and I think this is the point we are at in the UK. There are comprehensive kerbside collection systems in place. What we need now are some of the tools and engagement with the general public to get those who are not currently using the systems that we have to use them in the appropriate way.

We would argue that the level of service that the local authorities are providing is very good and DRS is in danger of competing with that if it goes all in. One of the main reasons for looking at DRS in the first place is prevention of litter and so we think a DRS for on the go is more appropriate for reducing the amount of litter that is out there. Then the packaging that generally gets back to the household and is currently put in the kerbside schemes could continue to go through that efficient process.

Q45 **Chair:** I was at the event that British Glass held today where it showed some statistics about the relative performance of English versus Welsh local authorities and the different types of recycling. I don't have the figures in my head, but the Welsh local authorities performed as a group far better than the English. Are you able to shed some light on why that is? What are they doing better in collection than is happening in England?

¹ We have been informed that the witness meant to say 'resource security'.



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Lee Marshall: There are some English authorities that are recycling at Welsh authority levels, but they are not doing that consistently. I will declare that I live in mid-Wales in Powys so I know very well how the Welsh system works.

I think there is a combination of things. The national Government in Wales declared early on that recycling and resource efficiency was going to be a high priority for them and they put the policies in place to do that. They have also put a lot of funding in. The recycling levels in Wales are very good. The local authorities have done a lot of good work and so have the Welsh Government, but it does cost. The Welsh Government have put a lot of funding into the local authorities, and they should be applauded for that, and the local authorities have had to put a lot of their own funding in as well.

Q46 **Chair:** We are going to get into more questions on local authorities. I had better not steal all of my colleagues' thunder. One of the challenges is the different rules that apply for kerbside collection under the contracts by each local authority. Do the Welsh authorities all have a common set of standards for collection? Is that part of the issue?

Lee Marshall: No, not necessarily. Generally speaking, Welsh authorities started their collections a bit earlier in the range of materials they collected, so they are more consistent with each other than perhaps England is. I think one of the biggest differences there is food waste rather than packaging. All the Welsh authorities collect food waste and about 50% of English authorities do at the moment. That is one issue, but I think it is a slight misnomer about the confusion because most of us live in only one place and most of us have a fairly good idea of what we can recycle in our own place. I think the confusion comes from not understanding why another area can't recycle something that you can or can't.

Q47 **Chair:** Sam, I think you want to come back?

Samantha Harding: Yes, I won't take very long but I wanted to make the point again that when we talk about recycling at the kerbside, that is not what we are doing. We are putting waste in some form of container and it is being collected and taken away. One of the big issues about how that collection is done is that often it is comingled and the quality of it is incredibly poor. The numbers that are being reported—"We have recycled this much"—in the first place are what is being collected. They are not what is being recycled, and there is no honesty and no transparency about what the quality of that material is. What we will see through a deposit return system is complete transparency in material quality and a huge uptake in the volume of recyclate that we have to turn back into other food grade packaging.

Q48 **Chair:** That is a very good segue for Martin to defend the collection challenge that Sam has just posed.



Martin Curtois: In answer to the question about the state of the UK recycling sector, we are at a very exciting moment. We have reached the point where we are at 45% recycling. Under the resources and waste strategy we want to get that to 65% and there is a tension on the sector like there has never been before. A number of things are happening that will lead to some of the improvements that I think we all want. Already with the resources and waste strategy we are seeing that brands are coming to recycling facilities like those that we operate and are starting to talk to us to find out about how their products can become more recyclable. In other words, they are starting to think about ecodesign, which is absolutely fundamental because then we make sure that products are designed to be recyclable right at the start of the process.

No one has mentioned it but we have a plastics tax coming, which is genuinely ground-breaking and will push for a 30% recycled content and also for a £200 per tonne fee for plastic packaging that does not reach that 30% recycled content. Those are genuinely positive things as far as the UK is concerned because what we are seeing with the plastics tax is that people are building more infrastructure and they are also more interested in buying recycled content because they can see the way that the country is going and the market is going.

We are at the point where we need to make significant improvements, certainly in what you referred to as far as collection systems are concerned. The point was made in reference to single stream collections, but there is a value point as well that people tend to put more recycled products into comingled collections for the very simple reason that it is easier, because you have fewer containers. People do not have mini-MRFs in their own homes and so there is a benefit, which perhaps is not always shouted out about, in comingled recycling just because it is simpler for the consumer. We have to bear in mind with all these things that it is the consumer that has a big impact on how these systems will actually work.

There is a lot of legislation that will be discussed in the next stage of the second round of consultations. We have the plastics tax coming as well. We have the potential for great improvements and also the potential for major investment. A lot of people are talking about the green recovery and how we must treat resources with a lot more care. I think there is the potential that if we get these changes right, we can head towards the UK being more of a recycling society, which I think everyone will want.

Q49 **Chair:** Is the plastics tax you refer to distinct from the extended producer responsibility scheme?

Martin Curtois: Yes, that is right. It is a Treasury tax. I believe it is planned to come in in summer 2022.

Q50 **Chair:** In addition to the extended producer responsibility for plastics? Thank you. I think we need to move on. Before calling in the next member of the Committee, I have been asking about what we can learn



from other countries. The previous panel suggested Norway as quite a good model. Are there any things that you would like to highlight? Lee, have you looked at other countries in your role working with the collection bodies?

Lee Marshall: We have looked at other countries but, as you have already heard, the significant difference in the UK is that the kerbside collection schemes have come first and the DRS potentially is going to come second. I think that we don't have a good understanding of what impacts that has on how likely people are to use the DRS scheme, what impacts it has on the kerbside scheme and these sorts of things.

We are aware of maybe one of the schemes in Australia that has done that, but unfortunately we don't have the resources to pull out the research. Our understanding is that the usage level of that DRS was lower than the levels you get from some of the Nordic countries. One of the reasons why we are calling for a deferment of DRS is so that we can do more in-depth and detailed research that is more applicable to the UK than perhaps some of the other examples.

Q51 **Chair:** Martin, Veolia is a multinational company. Do you have advice for us on which other countries we should look to in designing the scheme?

Martin Curtois: I think there certainly are benefits in the Norway scheme, which have been highlighted. It seems to have a high participation rate and it is focused on the cans and the plastics.

There is an overall lesson and that is that a measured approach is beneficial. What will make the resources and waste strategy and DRS work is if there is investment in new infrastructure. We have to take into account with all this that we are going to need new infrastructure to sort these materials. We are also going to need, and I think it is particularly important, to have the capacity to cope with the increased stocks and the flows of materials. Essentially we need to take a measured approach so that we make sure that the infrastructure is ready.

The other lesson that we have learnt is that there are end markets. It is absolutely fundamental with this whole process that we must be collecting material for which there is an end market so that we are closing the loop, as people regularly refer to it. We must not avoid that fact because without it we will not be creating the circular economy that probably all three of us on this call want.

Q52 **Chair:** But this is where Government policy to increase the proportion of recyclable material, for example in plastic bottles, is leading to the production of recycled plastic bottle capacity. There wasn't any two years ago and I understand that there is now one plant that is accommodating something like 2 billion of the 8 billion annual plastic water bottles. It would not have happened had it not been for a change of Government policy.



Martin Curtois: Yes, exactly. We operate a HDPE plastic bottle reprocessing plant in Dagenham in east London. The market for that has been largely driven by the fact that because the plastics tax is coming, people are not just interested in having a higher recycled content, it is a must have. It is hoped that the sector as a whole will be able to be a lead in UK reprocessing capacity. It is important, as we will probably discuss later, that the feedstock is available from these new systems so that we can invest more in domestic reprocessing.

Q53 **Chair:** Thank you. A final word from Sam about international comparisons. Do you have any that you can point us to?

Samantha Harding: Yes, I will. I will just pick up on Martin's point about recycled content, which is really important. We know that the market values for recycled materials are volatile and, as Martin knows better than I do, that discourages investment. If there was some form of recycled content regulations that would close the loop and ensure that all the containers that were collected through the deposit system could be processed and made available for more containers, that would be a really positive move.

I would like to clarify Lee's point about Australia. There are many reasons why there are a few problems with the Australian system. I have a colleague who works in Reloop Pacific and is very up to speed on what is happening in Australia. The problems with the Australian system are not down to the fact that there was kerbside beforehand. It is down to the system design, which was undermined through some lobbying by the brands who are very active there.

On good international examples, Reloop produces an analysis of every system in the world that we completed at the end of last year, which was quite timely. We do it every two years and we provided your Clerks with a copy of that as part of our written submission. We recommend that there are some key principles. It is not that there is a particular design that the UK should follow, but it should pay attention to certain key principles.

I won't list them all because they are listed in our written submission, but I remind the Committee that convenience for a return to retail model is critical. You have to have a high collection target, 90%, phased in over three years, where the clock starts ticking on that from day one. That is an area where Scotland could have made an improvement to its design because it has suggested that the clock starts ticking after one year, which was a mistake. That collection target should be linked to proper penalties for the system so that there is no perverse incentive to run an inefficient system and rely on unredeemed deposits to cover the costs.

The point about incentivising the deposit for the consumer I think has been a bit overlooked in our discussions so far. Questions about could somebody be bothered to go back on the bus with a bottle that they had travelled in the opposite direction with when it was full—of course they



would, because it will have a 20p deposit on it or a variable deposit, depending on the direction the Governments want to take.

Transparency has to be absolutely key as a principle. There has to be complete transparency of the data, the material flow and the money as it flows through the system, otherwise we end up having conversations like the one that I raised before: it is very difficult to believe any of these statistics because they are all written on shifting sands.

Chair: Thank you, Sam. Now I am going to ask Barry Gardiner to ask some questions.

Q54 **Barry Gardiner:** Thank you, Chair. Sam, I am so glad that you said that there was a lot of long grass around here. I have to confess that I have been very confused in the long grass, because so many people seem to be coming to this with their different very partisan perspectives. Obviously local authorities are getting a benefit from the aluminium within the system, which is a financial benefit to them, and understandably so. Glass is pitched against plastic, is pitched against aluminium, as we heard in the first session.

What I am trying to do is to keep in mind here what the overall objective is. That is that we should reduce the amount of raw material resource in accordance with the resources and waste hierarchy. Ultimately we want to reduce the inputs and we want to maximise the renewal and recycling that comes from it. Overlaid with the complexity of the different partners, we have the complexity of different schemes. We have the plastic packaging tax, we have the EPR and the deposit return scheme. How do we get all of this to work together towards that initial goal of the waste hierarchy?

Samantha Harding: Are you asking me directly or is it open?

Barry Gardiner: I am asking you because you were the one who focused on what is like that tinsel that the fighter planes throw out behind them and I just feel at the moment we are being blinded by the tinsel. I just want to get to the heart of it.

Samantha Harding: Yes, I am glad you picked up on that, because I feel like there is a definite difference between the outcomes that arise when you improve and you innovate a system. Then there are some perverse outcomes, which I believe it is the Government's business, the Government's role to ensure against those within their legislation and regulation. I think what the panel have had to listen to in the earlier part of the session was a lot of the former. It was a lot of outcomes, which are, as you have highlighted, Barry, sectors infighting.

It is interesting for me, having been on the block for so long, in that up until 2018, the industry appeared to be united and they were just campaigning against deposit return and the rest of the policy recommendations that are on the table. But in 2018 when Michael Gove announced that we would be having a deposit system, they then started



fighting among themselves. You are playing an awkward role, almost where siblings are asking a parent to take sides. It is entirely possible that the policies being proposed work together and I think that has been proven by the way that the teams across the UK, Welsh and Northern Ireland Governments have worked together and actively developed those consultations in harmony with each other.

On your point about reduction, that is almost a separate issue in how we reduce consumption, but I think there will be no problem at all for the deposit system to run alongside an improved kerbside system paid for under this umbrella of 100% EPR. Obviously, as someone else has already mentioned today, the deposit system is the EPR system for beverage containers. I am not quite sure why Nick suggested that the DRS would be coming in two years after the start of EPR. My understanding is that absolutely they would begin at the same time because they are the same thing.

Q55 **Barry Gardiner:** That is very helpful because one of the issues I was grappling with here was whether the EPR and the DRS would come in together or whether they would be phased. If so, is it better to have the EPR first and then to introduce the deposit return scheme? You think they should come in together as part of that?

Samantha Harding: Yes. DRS is EPR for beverage containers, so yes, they absolutely should.

Q56 **Barry Gardiner:** Thank you, that is very helpful. Martin Curtois, could you comment on this—how we amalgamate everything and get it focused on proper reduction of material and recycling of what is used?

Martin Curtois: Going back to the beneficial nature of recycled content, which obviously was discussed right at the start, on the plastics tax, which is encouraging packaging recycling to be 30% recycled content, one thing that we would suggest is that there is an escalator effect. As with the landfill tax, you boost that, so it goes up to 30%, 35%, 40% and also you boost the cost. You increase the £200 a tonne as well. That is almost like the very start of the process and that would have a very beneficial impact on using less raw materials, which is what we want.

It is like a lot of moving cogs with the resources and waste strategy and we have to make sure that they interlock properly. In my simple way, I would look at it that the EPR system is designed to make sure that the products are more recyclable in the first place, which obviously everyone wants, and they do that through modulated fees. The more recyclable a product is, the less you pay in modulated fees. That is simple.

You have consistency of collection. As many people have said, different boroughs, different recycling systems. What we need to do is increase recycling in the home and the office with a core set of materials. I don't think anyone would disagree; that is straightforward. We need that.



I see the deposit return scheme as boosting recycling rates of drinks containers—things that are currently disposed of away from the home or office. Underlying all that, you need improved labelling so people know if a product is recyclable or not, very clearly, not the “widely recycled” misnomer that does no one any favours. Then you know with the labelling that people have followed the plans of EPR because you will know that people have made the product more recyclable. That should all work together. That is a very logical approach.

Effectively, as far the deposit return scheme is concerned, whatever set of figures we come around to, if we are talking about plastics, it is identifying plastic bottles as one of the first issues and the plastic bottles that we are not recycling. Whether you say 59% of plastic bottles are currently recycled, which is what my understanding is, or a higher figure, the ones that we are missing are the ones that are in the street bin or that are littered. The problem you find if you are collecting waste is that if you look at different street bins—it doesn’t matter if it has a green lid for recycling or a black lid for residual unrecyclable waste—you can empty them both out and they look the same. You genuinely can’t tell the difference.

Barry Gardiner: I can tell you that your bin men in our area are a lot more on the ball than that. They leave it if it is the wrong stuff and if you have dirty nappies in the recyclables.

Martin Curtois: Believe me, you don’t want dirty nappies in the recyclables. The nub is that where we see the DRS system benefiting is that we will have clean recycling through the scheme. It is the bottles that people might currently be dropping into the wrong bin by mistake or they might be being littered. It is the on the go—those bottles that, if we put them through the DRS system, could lead to a significant increase in plastic bottle recycling from people who consume out of the home. That is where we see the change.

Q57 **Barry Gardiner:** Let me push you on one thing, though. Do you think that the plastic packaging tax should come in before the deposit return scheme and perhaps before the extended producer responsibility scheme to ensure that there is no importing of recyclable material, recyclable plastic, from abroad to boost the levels of recycling—the percentage of recycling?

Martin Curtois: The plastics tax is coming first, so that is the good news. I think the final legislation is just going through. We believe it is 2022, whereas we hope that the resources and waste strategy is 2023. The key thing with the plastics tax is that we hope we will have an increase in demand for reprocessing facilities, as was previously mentioned. What must come out of this whole process is more feedstock so that we can derive the benefits of the reprocessing operation with jobs and investment in infrastructure, so it is meant to come first. That has to be right because then if we increase the recycled content of products, we are starting to win straight away.



Q58 **Barry Gardiner:** Given that it is coming in first and it is demanding a higher level of recycle in the product, will that have a perverse incentive to incentivise—maybe I did not put this the right way around at first—the importation of recycled plastic from abroad instead of building up the industry here in the UK? Could the early introduction of the plastic packaging tax have a perverse incentive?

Martin Curtois: This is all still to be determined, but I believe the European Commission is looking at a plastics packaging tax, for example, in mainland Europe. It may even be higher than what we are proposing, in which case we might have a risk the other way of UK plastic feedstock going to mainland Europe when we need to keep it here for our own infrastructure. It might work in that way.

Q59 **Barry Gardiner:** You will be aware that our PRN—I can't remember what they are all for—

Samantha Harding: Packaging recovery notes.

Barry Gardiner: Yes, they already incentivise export over the strengthening of a domestic market, don't they? They work on weight and the weight of what is exported is not checked thoroughly, so apparently 30% of that weight is not plastic. They get more per tonne by exporting than they do by trying to build up the recycling industry here in the UK. Is that not the case?

Martin Curtois: You are absolutely right. It is one of the things that I think is generally accepted, certainly from the first round of consultations, that this unfair almost discrimination has to end and it must be a level playing for PRNs and PERNs. We can't have an advantage or a disadvantage for UK reprocessing.

Q60 **Barry Gardiner:** You think that should certainly be a recommendation of this Committee?

Martin Curtois: We certainly think that you can't have a favouring, as is currently taking place, with the domestic sector being penalised against the overseas sector.

Q61 **Barry Gardiner:** I push you again: why would the early introduction of the plastic packaging tax not add a further incentive to export rather than to building up the domestic market? That is my point.

Martin Curtois: Only in the sense that first, from what I understand, many other countries are planning to introduce a plastics tax. In other words, the issue would be that if it is, say, £600 a ton, your concern is that essentially you will get a situation where people might think that that feedstock is more valuable in Europe than it is in the UK. No, that is a different point?

Q62 **Barry Gardiner:** I understand why you are comparing us with the EU and its potential introduction of a tax and the differential tax levels. That is a good point, but I was considering other markets where there isn't a



tax, where you could take recycled plastic very cheaply and import it into the UK to avoid your plastic packaging tax.

Martin Curtois: Undoubtedly there is that risk, but what we are seeing in the growth of our UK reprocessing infrastructure, the overall benefits of the plastics tax—which unbelievably is the first tax that most people seem to favour; it is the most popular tax probably ever—outweigh any possible negative impacts.

Q63 **Barry Gardiner:** Could we avoid the negative impacts by putting a border adjustment tax on to any imported plastic?

Martin Curtois: That is one possibility that would have to be considered. We would just have to see if there any unforeseen consequences as far as that is concerned.

Barry Gardiner: Sorry, Chair, I know I have taken up rather longer than probably I was allotted, but I will give Lee the opportunity to comment on how all of this should come together as well.

Lee Marshall: What we have to remember is a lot of the current legislation around household waste collections and packaging goes back to the Environmental Protection Act 1990, so these policy changes are some of the biggest in the last 30-odd years—in a generation—and the longest in my time in the industry, and I have been here quite a while. We want to get it right. To a certain extent EPR pays for consistency on a very basic level, so those two are very closely melded together in the packaging element.

I look at DRS slightly differently. DRS is just a collection method that EPR pays for, so it is a collection method like kerbside, bring banks and HWRCs. From our point of view, getting the changes in place and right under EPR and consistency is probably the first logical step, get those embedded, see what difference they make to the recycling rates—and we hope that they increase them—and from our point of view it is then, “Right, now let’s go back and have a look at DRS”.

But in the intervening period we will have done the research to show that we can avoid the unintended consequences and it shows Government how to write the legislation in the right ways, as Samantha would say, and also to start looking at the possibilities of a digital DRS system rather than one based on reverse vending machines.

Q64 **Barry Gardiner:** You are in conflict with Sam to a certain extent here, aren’t you? She was saying that DRS is simply part of the EPR and it should be considered together as a whole. Sam, do you want to come back on that very briefly?

Samantha Harding: I take Lee’s point that DRS is a collection method. It is, and it is how the beverage industry will deliver its EPR for its primary packaging. The beverage industry would still be required through the EPR legislation to make a contribution to the EPR system with its



secondary packaging, but for the primary packaging, the containers itself, that is how it realises its EPR. Rather than paying a nebulous sum into the PRN system for an amount of material that was allegedly put on the market, we now know every single container that is on the market and they are paying the correct money for that product.

I think that if you are the beverage industry, a deposit system is a very good option because you know that you can contain your costs, control your material and meet your EPR needs.

Q65 Ian Levy: I will direct my first question towards Sam, and I want to talk a little bit on collections. One of the witnesses on the first panel said that the all-in model had higher return rates. What are your views on what the benefits would be of an all-in model over the on-the-go collection model?

Samantha Harding: I am so glad you have asked me this question. I think we need to just take a moment and realise that on-the-go is a term being used. Maybe it is used within the retail sector to describe a section of their produce on a shelf in a retail store, but on the go as a collection system is yet to be described to me in any way that describes what it is. We seem to be spending a lot of time talking about it without knowing what we are talking about.

I will make the point that from Reloop's analysis of every deposit scheme around the world, there is no scheme that you could even begin to think is the definition of an on-the-go system. It doesn't make any sense, and if you focused on only collecting a portion of the materials of drinks packaging, you are completely ignoring the economics of the system because a lot of the economics of the system are predicated on the amount of materials that flow through it. If you are saying that you only want to put 30% of your beverage containers through a deposit system, your economics are completely out of whack and the beverage companies and the big retailers—who are also beverage producers, let's not forget—will be paying for a system that is very inefficient.

Q66 Ian Levy: Thank you. Martin, I have a question here. Should any material or types of waste be excluded? If I could just push a little bit on that, and I may be wrong, but going forward, we have gone through the coronavirus pandemic. If you have a coffee cup and you have a drink out of that coffee cup, there is going to be saliva on there and that person may have had coronavirus. If that then goes in to be recycled, should any materials be excluded? I don't know if you could expand a little bit on that.

Martin Curtois: Containers for dairy products should be excluded.

Ian Levy: Yes, you mentioned that earlier.

Martin Curtois: That is widely accepted. I don't know the specific health implications for coffee cups. There are already separate coffee cup recycling schemes that are operated, many with some of the leading



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brands. I think ultimately what happens is the coffee cup material is pulped and the fibre is reused as part of the process, so there is an authentic direct recycling process. Probably we should focus on essentially PET bottles and aluminium cans. I am being very pragmatic as far as this whole strategy is concerned.

I would counsel against including glass simply because the material collection rates for glass are something like 76% already—the recycling rate. We are ultimately aiming at something like 90%, so we have an existing system that is working very well for glass recycling. There may be some disagreements about specific figures, but I do not think that people would argue that glass recycling isn't working well.

Ultimately, what you have to take into account with the UK is you have this existing successful kerbside system and what we want to avoid is a situation where the two are competing against each other and you are taking products that you would have been quite happily recycling at home into a DRS system. Why not continue to recycle them at home if you are consuming them at home? The emphasis should be on the products that you consume in the street or outside, or when you are shopping or whatever, and focus the DRS on those.

Samantha Harding: I want to jump in there, if I may, and point out something that is missing from that, which is the issue of quality. If we are going to meet these stringent and potentially escalating targets on recycled content, particularly if the plastics tax is predicated on post-consumer waste rather than a broader post-industrial waste—which hopefully it might be, but potentially will not be—we need to be making sure that we get the best possible quality from our resources.

If you have some chucked into the kerbside bin, comingled because it is easier for consumers, as was pointed out earlier, some of it is of excellent quality because it is going through non-contact RVMs or other collection methods over the counter, it doesn't make any sense. It is almost like we are saying, "We want to have a world-class recycling system, but only a little bit, but we will keep still putting all these very valuable resources in a comingled bin where they contaminate each other." You have an option with a deposit system to remove a huge amount of beverage packaging from the central waste stream and from litter in the environment, and have this huge amount of feedstock, which is of food-grade quality.

Ian Levy: Possibly we will have to delve a bit deeper into the health implication that I talked about earlier.

Samantha Harding: All I know from the greentech providers who are members of Reloop—it is a discussion that we have been having with a range of them over the last year—is that none of them has reported that there have been any issues about coronavirus specifically. Obviously there were concerns within the first few months and certainly we saw in our US region that some of the systems shut down completely because



they did not know what the implications would be. They then opened up with absolutely no problems at all.

One of the main reasons they opened up is because the materials—the glass, plastic and aluminium industries—were saying, “You have to open up because we have to get our hands on these materials because we need them to make more things with.” It was the materials sector that was saying, “We need all these materials back to help us.” I think we could be as confident as possible at this stage in the pandemic that a deposit system doesn’t contribute to a spike in cases.

Q67 Ian Levy: That is great. Lovely, thank you. Lee, if I could bring you in. How would the development of a digital DRS scheme affect the design of the scheme?

Lee Marshall: It has very big implications. One of the reasons we think we should defer is so we can allow these trials to come to fruition and see what they bring. As you have heard, a DRS will compete with the current kerbside schemes for a large element of the material, so you will be cannibalising the kerbside scheme to put it into another collection system when it is already being collected. We think, obviously depending on the results, that the digital side of things, where people can carry on using their kerbside schemes, carry on using the infrastructure that is already there and is very comprehensive, is going to be much more efficient and much more cost effective for UK plc and we can build on that.

It goes back to some of the early days when you introduced a kerbside scheme. Each time you introduced a new material, you got a bit of an uplift in the other materials because people got more used to their recycling. If we could have a DRS that is predicated on the kerbside system, that is going to have benefits for the other materials that perhaps do not have the deposits on them and may be even transferable across into food waste recycling and areas like that.

Ian Levy: That is lovely, thank you very much, I appreciate that.

Chair: That is a nice, safe way for Duncan Baker to ask you more, Lee, about the impact on local authorities.

Q68 Duncan Baker: One of my feelings on this is that it is going to be costly—and I say that from being a district councillor not quite so long ago, only about five or so weeks—and I think many feel that it will be difficult to implement, running the schemes, the administration—potentially difficult. I hear the savings. The first question, Lee: can you explain the possible impacts on local authorities from implementing a DRS and how impacts will differ for county councils and borough councils?

Lee Marshall: Thank you for that, because there are differences. On a basic level, material will disappear from the kerbside scheme and go into the DRS scheme, especially on an all-in system. We had one county council area partnership that included the district councils, and they estimated they would see a reduction in their recycling rate of between



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3% and 5%. Yes, that recycling will be collected elsewhere and counted at the national level, but local authorities will see a dip in their own recycling rates and there are reputational issues to go along with that.

Previously, before EPR was considered, there was also loss of income from materials. In theory, under EPR, the producers will pay for sale of materials and income, so that should be netted off under EPR and not be as much of an issue. I think where local authorities are struggling a little bit is previously it has been suggested that they will be able to make savings on their collections because there is less material in the vehicle and so on. If you take where I live in Powys, it has a very good collection, three boxes, and the vehicle has seven different compartments that these boxes get emptied into with the different materials, but it depends which compartment gets full first.

The vehicles here collect food waste, so if it is the food waste compartment that fills up first and then that causes the vehicle to go and tip and then come back again, it doesn't matter how many plastic bottles or glass bottles you take out of that vehicle, that vehicle is still going to be constricted by the food waste on that particular round. Again, there is a lot more research that needs to be done on the impacts on collections.

To round off on the two tiers, the information we have from one of the studies that was done—albeit on a very small scale—showed that generally speaking collection authorities will be worse off under DRS, their costs will increase and they will not realise savings. Then the WDAs, the waste disposal authorities or the county councils, will be better off because their costs are all associated with the disposal of the waste. In theory, if you see higher recycling, there will be less in the residual. When people say local authorities will save, it is not as simple as that. Generally speaking these two-tier areas—county councils—will save, but district councils and borough councils will see an increase in their costs. How the cost savings may be spread is inequitable.

Q69 Duncan Baker: I am very glad you say that, because that has certainly been the feeling from the district councils that I have spoken to, who rather corroborated that. We heard earlier how EPR reforms need to work alongside DRS. If we can put a bit more meat on the bones, how would the EPR reforms change the impact on local authorities from DRS?

Lee Marshall: As I mentioned earlier, in theory the EPR will pump a lot of funding—and badly needed funding—into local authority waste services and that should enable them to increase and enhance the services they currently provide for packaging, which should mean an uptake of recycling, an increase in recycling. We feel at the moment the danger is that if you then layer on another collection system of DRS, you are undoing some of the benefits of EPR.

In a way, you could argue it is a bit ironic that we want to introduce consistent collections, but if you introduce a DRS you are making the collections for the household more inconsistent, because they now have



to start looking at the bottles and go, “Is this one a DRS one? Is this one an EPR one? Do I put that in my kerbside box or bag or take that back to the supermarket?” By layering DRS on top of kerbside, you could argue that the collections become more inconsistent for the householder, not more consistent as people want.

Q70 **Duncan Baker:** Sam, what do you think on that point?

Samantha Harding: If there is a concern that consumers would be confused as they look at different bottles, considering introducing an on-the-go system, where some bottles may be in because of their size or their material and others wouldn't, would make it even worse. There is this issue also around the digital DRS, where I wanted to echo some of the points that were raised on that. It is very interesting that we could potentially embrace new technology, and we are certainly very interested in that, but there is again the central issue around quality. There is also the huge inequity of if you don't have access to a smartphone or a data plan, you are excluded from the system, whereas obviously with the deposit system it is convenient for everybody. Hopefully these pilots will tell us more about those issues.

Q71 **Duncan Baker:** My final question is to Martin. If I listen to my local councils, they tell me how terribly hard up they are and how much they struggle. With some of these changes, going on from we said first of all with Lee—that I don't think this is straightforward and there are some costs within this—should local authorities be compensated for the loss of materials collected from the kerbside? I understand that more jobs will be created in some instances, depending on the size of the council. Yes, just on that loss of materials point.

Martin Curtois: Yes, I think they should. That should be done via the EPR system. One has to take into account that there is a number of different issues. They will be looking at changes in consistency of collections, so that may involve some changes as far as local authorities are concerned. We will also be looking at mandatory food waste collections, which is another important change. We have to make sure that local authorities basically have sufficient resources to deliver an efficient kerbside system, because I think everybody wants that.

It is something that we should value and appreciate, because it was proved in the pandemic, for public health, that it is something that keeps the country running. However the workings of this come through, we must make sure that local authorities have sufficient resources to deliver an efficient kerbside system. That in turn will mean that we will get better value, we will get better resource efficiency and hopefully we will get better and stronger secondary materials markets so that the whole circular loop can work together.

Duncan Baker: Yes, I think you are absolutely right with that last point.

Samantha Harding: I want to make a point that Reloop has looked at 33 independent studies around the world about the impact of the



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introduction of a deposit system on municipalities and in every case it was found that overall there was a net benefit to a local council. It is also worth considering that EPR is a shift from local councils using council tax money, so citizen payments, to pay for waste management systems, regardless of how much that individual or citizen is a polluter. The EPR 100% full net cost recovery, which is revolutionary, is shifting that burden from the local council on to the producers. However the economics of the system shake out when the kerbside is updated to reflect the deposit system; those costs will be covered by the polluters, which is a better and fairer system overall.

Duncan Baker: I am very encouraged by one of the comments that Martin made about mandatory food collections waste as well. That is probably a whole other area for an inquiry and I wish my local council had that, but the Chairman will stop me if I go off on a tangent. That is the end of my questions, so thank you.

Chair: I think the point Sam was making there accords with the polluter-pays principle and the Government have just announced their own consultation on the environmental principles. We look forward to welcoming the Minister on Wednesday next week for our second session in this inquiry.

I will conclude this session by thanking our panellists, Lee Marshall from LARAC, Martin Curtois from Veolia and Sam Harding from Reloop, for presenting a rather different perspective than we had from the first panel. This helps to illustrate the challenge of bringing a scheme into this country, given the particularities of our existing waste collection systems. I would like to thank members of the Committee for joining us today and for keeping us quorate and keeping us all alert. I thank Carrie Soderman, our Clerk, for preparing the brief so well for both sets of panellists on our session today.