

Additional written evidence from Reloop

1. Thank you to the Committee for inviting Reloop to give oral evidence on Wednesday 17 March 2021. We were grateful for the opportunity to share our insights and experience.
2. As requested by the Chair, we are now submitting further written evidence, expanding on some of the issues that were raised.

Clarifications

3. In the transcript of the oral evidence session, Samantha Harding was accurately recorded as saying at the end of her opening statement that the UK and devolved governments needed to "... build systems that collect waste, that create jobs and achieve resource scarcity in the UK." However, we would like to clarify that this was intended to be 'resource security', as opposed to 'resource scarcity'.
4. Following Barry Gardiner's question about whether a deposit system would reduce consumption, we can clarify that Samantha misunderstood his point, taking it to mean the broader issue of high product consumption in general. Having reviewed the transcript, it seems that the question was whether better waste management systems can reduce consumption of virgin materials. On that basis, we can confirm that that is indeed the case when high volumes of high-quality materials are collected on a consistent basis. In particular, a closed recycling loop for beverage containers can become a reality when they're collected separately under a deposit system, reducing the need for virgin material.

Eight billion drinks containers wasted each year in the UK

5. As we highlighted in our first written evidence and during the oral evidence session, Reloop's analysis of beverage sales data for the UK and the recycling rates reported by materials trade associations has shown that eight billion drinks containers are wasted each year in the UK, with wasted defined as landfilled, incinerated or lost as litter to the environment.
6. In reality, the number of wasted containers will be higher, as we didn't take into account any of the contamination that will subsequently exclude more containers from the recycling stream.
7. This can be explained by PETCORE's statement next to its recycling figures, which was our source for the UK PET plastic recycling figures: "The column headed 2017 can be considered the absolute maximum assuming no contamination in the waste collection volume."
8. Reloop's licence with GlobalData means we can't publish the exact sales figures but on the basis of what we know, compared to the rates that are reported as recycled, this is the closest we can get:

Total wasted: Over 8billion.

Total recovered: Just over 16billion

Again, these are containers counted as recovered, based on weight, rather than an actual number of containers recycled.

Wasted numbers:

PET: 3.36b (40% of total wasted containers)

Metal: 2.57b (31%)

Glass: 1.56b (19%)

Board: 743m (9%)

Recovered numbers:

PET: 4.83b (30% of total recovered containers)

Metal: 7.71b (48%)

Glass: 3.32b (21%)

Board: 303m (2%)

'On the go' (OTG) should be considered a no-go

9. The question of why OTG was created and widely promoted is an interesting question for the Committee to consider.
10. As Reloop reported in its written and oral evidence, OTG is a made-up concept that doesn't exist anywhere else in the world.
11. Currently in Europe there are 10 schemes already in operation, eight under implementation and 11 under discussion. None of these are, or being considered as, an OTG option.
12. Reloop's [Global Deposit Book](#), which reports on every system across the world, shows that there is no OTG option in any other country.
13. The main argument in support of OTG appears to be that the UK is somehow "unique" in terms of having kerbside collection systems. However, this isn't the case as, for example, states across Australia have had kerbside collection systems since the 1990s and every state has managed to commit to and/or implement a deposit system over the past four years (the impacts of which are detailed below in paragraphs 48-54).
14. From talking with a range of stakeholders, it is our assessment that OTG has been promoted in the UK mainly by the waste management sector as a way of preserving the status quo – ie. making money from collecting, processing and either exporting or incinerating low quality materials from UK households.
15. The promotion of OTG needs to be understood as a lobbying tactic that has 'stuck'. As its underlying purpose is fundamentally unconnected to the realities of how deposit systems run or indeed the objectives of the UK and devolved governments to reduce waste and pollution, it has huge potential to make us become unstuck.
16. Scotland and Wales, both of which have established kerbside systems, have understood this and as such don't support OTG. Reloop hopes that the UK government will come to the same conclusion.

Ongoing delays to implementation

17. Another important issue for the Committee to consider is the ongoing and concerning delays to the process of implementing a UK-wide deposit system.
18. Defra's previous consultation on deposit return launched in February 2019, with the reassurance that following the consultation there would only be "a short period of further formal consultation on specific regulatory measures in early 2020." This further consultation was intended to be a technical consultation to determine the regulatory needs for the chosen system design.
19. Following the consultation's conclusion in May 2019, the UK government published its response in August 2019, seemingly on track with its schedule.
20. As Defra's waste team was reportedly protected from the impact of Brexit and the pandemic on the civil service, it has to be of interest to the Committee that it is now over two years since that initial consultation.
21. More critically, it should be noted that Defra has yet to make a decision on the system design – either all-in or OTG – which it had originally planned to do following the previous consultation two years ago.
22. This is despite it reporting in its [response to the consultation](#) in August 2019 that "The majority (69%) of the 672 respondents to this question preferred the 'all-in' option, compared with 15% who preferred an 'on-the-go' scheme."
23. In addition, Defra cites figures from the latest Impact Assessment in its [March 2021 consultation](#) into deposit return, saying:

"The table below summarises the costs and benefits of implementing an all-in or on-the-go deposit return scheme. You will see that whilst the costs of an on-the-go scheme are lower than an all-in scheme, the benefits of implementing the all-in model are considerably greater. Therefore, an all-in deposit return scheme would provide a higher net benefit, leading to higher levels of recycling, increased litter reduction and greater carbon savings."
24. The table quoted shows that the net present value of an all-in system is £5.8bn, whilst an OTG system is £282m.
25. Interestingly, in the 2019 impact assessment, the figures reported for all-in were £2.2bn, with OTG at £249m, so the economic case for all-in has strengthened considerably in the intervening period.
26. Despite these figures, directly below the table quoted in the consultation paper it says: "We remain neutral to whether the proposed deposit return scheme should be all-in or on-the-go, and therefore want to consider the appetite for each scope model further."
27. We would suggest that the Committee should be wondering why, two years after the initial consultation where clear support was attributed to all-in, and when the considerable net benefits of an all-in system have been made apparent by the government's economists, the UK government is still unable to commit to which deposit system it should introduce.

28. It was also concerning to learn that the UK government is now considering not introducing the deposit system until the end of 2024. In the Minister's oral evidence session on 24 March, she suggested that part of this delay is because it will take a long time to set up the Deposit Management Organisation, but it would be worth questioning this when a majority of the same stakeholders have already set up the system in Scotland.
29. In the oral evidence session on 17 March, British Glass suggested that the introduction of a deposit system would follow one year after the introduction of Extended Producer Responsibility (EPR). As the deposit system is EPR for the beverage industry, we would suggest that the Committee should ask the UK government to clarify this, as it implies beverage companies would need to join the new EPR system and then one year later switch to the deposit system.
30. Reloop suggests that there are a number of important questions that the UK government needs to answer in terms of what influences are preventing it from committing to an all-in system, when each piece of analysis shows that it is the better option, and why it has agreed to considerably delay the overall process of implementation.

Glass in the long grass

31. The issue of glass is one that it seems the UK government is still being asked to adjudicate on, despite committing to including glass within its 2019 manifesto, alongside the findings of its previous consultation in 2019, where "The majority of respondents wanted all materials included in a DRS. The large majority of respondents consider that PET bottles (94%), HDPE containers (84%), aluminium (94%), steel cans (90%), and glass (86%) should be included in the DRS."
32. No doubt the Committee will have seen evidence from NGOs whose supporters and volunteers regularly undertake litter-picks where glass bottles of every size are consistently found in all environments.
33. In the oral evidence session on 17 March, Norway was deliberately presented a number of times as an example of a world-leading system that excluded glass. However, it's important to note that of the 10 systems in Europe, seven include glass, including Finland and Germany, as do many other world-leading systems.
34. As international precedent shows that it is entirely possible to collect glass bottles via a deposit system, whether that's via reverse vending machines or over the counter at retail locations, the Deposit Management Organisation will be able to learn from existing systems operators and make use of all the practices and technology that allow glass to be collected safely.
35. Reloop would argue that it is not the role of government to act as referee for the materials sector as its members engage in the normal practice of fighting to protect their current market share.

The impact of a deposit return system on income streams that support local councils delivering waste collection services

36. In the ongoing discussions about deposit systems, some issues prove more 'sticky' than others. One of these is the impact on local councils, specifically the perception that removing valuable packaging items from the kerbside waste stream will undermine the viability of these schemes.

37. As was clearly stated by the Minister and others during the oral evidence sessions, EPR will be introduced across the UK with 100% net cost recovery for waste management paid for by packaging producers, so the concern for local councils is moot.
38. However, as the issue continues to be debated despite this fact, it's useful to understand that kerbside collection represents a huge cost to municipalities, often a net loss overall. This is not helped by the fact that materials collected at the kerbside are mostly of low quality, generally because they're collected via co-mingling which contaminates every material.
39. Waste managers make the point that co-mingling is easier for people, leading to higher volumes of packaging collected at the kerbside. This can be understood to be true but it is primarily beneficial to local councils and waste management companies to promote co-mingling as they're legally required to report against weight-based targets, so the more volume they can collect at the kerbside the more materials they have to weigh.
40. This focus on weight, rather than quality, means that kerbside systems are not currently designed to collect materials in a way that retains their highest value. In turn this reduces their potential to attract investment for UK-based closed loop and other recycling facilities.
41. Also, discussions about the impact on kerbside are often based on a false assumption that kerbside systems are functioning in such a way that they don't need any improvements.
42. Recognising that each council has its own version of a kerbside system (with a few exceptions where councils have banded together at a county-level, for example, Dorset Council Waste Services), there is significant variation in efficiency and coverage of materials collected and it is widely agreed that the efficacy of kerbside has stalled, [including by WRAP](#), which states:

“We have made good progress on recycling in England over the last two decades, with the recycling rate quadrupling from 11% to 44% between 2000 and 2020. However, most of that increase happened before 2010. Since then, progress has largely stalled. Reaching a 65% target in the next 15 years won't happen without radical change.”
43. Critical here is to note the lack of meaningful progress in over a decade.
44. An overhaul designed to improve performance is most definitely overdue and, as the UK and devolved governments have rightly identified, the existing systems need to evolve in order to meet our current and future challenges.
45. For example, in the UK, high collection rates of a clean stream of PET plastic will be a very important precondition for achieving the 30% recycled content required to avoid the plastics tax.
46. From a climate change perspective, life cycle analyses of the Norwegian and Czech deposit systems have shown that they result in c.30% lower carbon footprints than traditional kerbside systems. This is because consumers bring their packaging to the collection points on their own, which in turn are mostly equipped with compactors, making the system's logistics much more efficient, both with regards to costs and emission savings. [sources: Norway: *LCA of beverage container production, collection and treatment systems*, Østfoldforskning; Czech Republic: *Life cycle assessment study on the treatment of plastic and aluminium packaging for beverages*, Faculty of Environmental Technology, UCT Prague]

47. During the oral evidence session, we also referenced analysis by Reloop of 33 independent studies into the impact of a deposit system on local councils – in all cases leading to a net gain – and that research can be found [here](#).

The impact of the introduction of a deposit system on kerbside systems in Australia

48. During the oral evidence on 17 March, the topic of Australia and its various deposit systems was raised, specifically as an example of where deposit return had allegedly impacted the existing kerbside systems in a negative way.
49. Reloop Pacific advises state governments across Australia on deposit return systems, so is well-placed to provide some further information on this.
50. In advance of the system being introduced in New South Wales (NSW) at the end of 2017 – the most populated state to introduce a modern deposit system - the NSW Environment Protection Authority (EPA) reported that the kerbside system was only collecting 32% of drinks containers.
51. The deposit system, despite not being regarded as being one of the better designed schemes from a global perspective, particularly in terms of not providing enough return points for consumers, is now securing a 73% collection rate.
52. The NSW EPA [also reported](#) that the volume of eligible drinks container litter had reduced by 44% after the first year of the system being introduced.
53. Overall, local councils in Australia support deposit return, noting the savings on litter collection and streetscene management.
54. But the key factor is that any beverage containers collected via kerbside are of substantially higher value to local councils than they were under the previous system. With each container bearing a substantial value, comparative to that when they were collected as part of a broader material stream, local councils have discovered that even collecting the smaller percentage of remaining containers has provided them with a further income stream. We explained how local councils can be reimbursed for collecting beverage containers that fall outside the deposit system in our first written evidence, paragraphs 48-53.

Digital returns for beverage containers

55. Whilst emerging digital technology will hopefully have a role to play in the future, at the moment the promotion of a 'digital DRS' and the suggestion that the implementation of a deposit system should be delayed until it becomes clear how the small pilots work out, is certainly a delaying tactic by the waste management sector, which took the lead in developing and promoting this as an option.
56. One of the main issues is that the costs to the beverage industry of having to individually code every bottle and can are substantial, as it is not the same as including a barcode on a container, contrary to the suggestion made by a Committee member during the evidence session on 24th March.
57. But the key factor is that as soon as a drinks container is put into a kerbside or street bin, its quality will diminish immediately due to contamination. Unless this critical factor can be

resolved, it remains inevitable that the potential of this approach will remain theoretical in the medium term.

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