



Submission

Date : 25 June 2015
To : Zero Waste Scotland / Lyndsay Parker
From : John Armour
Direct dial : 0131 472 4005
E-mail address : john.armour@nfus.org.uk

NFU SCOTLAND RESPOSE TO ZERO WASTE SCOTLAND CALL FOR EVIDENCE ON IMPLICATIONS OF A SCOTTISH DEPOSIT RETURN SYSTEM

The National Farmers Union of Scotland represents farmers and producers from across Scotland, representing many of the primary producers who compete to produce raw material and food in a sustainable and competitive manner in a difficult and challenging supply chain environment.

NFU Scotland welcome the opportunity to submit evidence on the feasibility of a Deposit Return System (DRS) in Scotland. This submission highlights the damaging effects this scheme would have on agriculture in Scotland, particularly in the dairy sector.

Scottish Deposit Return System (DRS)

1. NFU Scotland would like to highlight that a Scottish Deposit Return System scheme would result in increased on shelf prices for liquid milk and other products. This increase in costs would inevitably lead to decreased demand from consumers and would compound the difficulties being faced by dairy farmers because of a global oversupply situation.

- 1.1. This scheme is in no way comparable to the plastic bag charge scheme which was recently introduced in Scotland as the consumer has no opportunity to opt out, therefore this would add significant costs to some of the hardest hit families in society while also placing the onus on them to interact with the scheme.
- 1.2. There would be significant increased inefficiency in local authority recycling schemes as the introduction of a DRS in Scotland would result in lost local authority revenue for the raw material which they sell through their own recycling schemes.
- 1.3. As primary producers continue to struggle in the marketplace, the introduction of a scheme which would increase the on-shelf price for products, quite significantly for some, without any extra revenue being passed downstream to primary producers. This would be harmful to the marketplace and increase the pressures already being felt by farmers and producers.
2. Liquid milk is considered by many to be an essential part of the weekly shop. Thus it is popular with shoppers both from urban and rural areas. NFU Scotland would like to comment that many people in rural communities may be far away from their nearest collection point and rather than storing bottles to be returned may dispose of them in their usual conventional fashion and therefore will be unfairly financially punished because of the scheme.
3. As a Deposit Return System that uses 'Reverse Vending Machines' consumers would be required to hold on to their plastic bottles until they are going to a suitable location which has a return point. In the case of liquid milk, which is a perishable product, this would be very unhygienic.
4. The Deposit Return Scheme would not increase the incomes of any of Scotland's drink manufacturers, including liquid milk processors, but would rather lead to increased administration costs and damage what are already increasingly threatened profit margins – if profit margins are damaged by the introduction of a Deposit Return Scheme then primary producers may feel the blunt end of these unnecessary costs.

5. The introduction of a DRS scheme would be particularly onerous on smaller and regional liquid drink manufacturers. A liquid milk processor in Scotland for instance would have to implement the necessary administration costs across the whole of their business while a large UK operator would only have to do this with their Scottish operation and this will not be a whole business cost for these larger operators as it would be for smaller regional milk processors.
6. NFU Scotland believes that the proposed scheme places a cost on to processors and manufacturers who will gain little from the scheme.
7. Current recycling schemes which urge people to recycle at home and in step with their conventional bin collections are more effective and do not require the consumers/public to make what could be long and costly journeys to their nearest 'reverse vending machine'. The introduction of this scheme would lead to increase time and cost pressures on these families.
8. Environmental Resources Management Limited (ERM) estimate that the introduction of a DRS scheme will cost consumers £87 million in unclaimed deposits, £36.50 per household, and this cost to consumers is significantly higher than the £7.9 million savings to litter collection identified by Eunomia in [their report](#) for Zero Waste Scotland on a Scottish deposit refund system.
9. Primarily it is the view of NFU Scotland that this scheme would be onerous on both consumers and processors without either of them seeing any benefit. It is also the view of NFU Scotland that if such a scheme was introduced it would be critically important that liquid milk was exempt – both because of the perishable nature of milk and the extreme pressures being faced by dairy farmers in Scotland.