



**Lucozade Ribena Suntory's  
response to Zero Waste Scotland's  
call for evidence on a  
Deposit Return System (DRS)**



## About Lucozade Ribena Suntory

Lucozade Ribena Suntory (LRS) remains fully committed to improving the communities of the United Kingdom and Ireland and we welcome the opportunity to contribute to Zero Waste Scotland's (ZWS) call for evidence.

As a company we work with a range of partners to make a positive contribution to drive change in our environment and with young people. Whether it's working with the Dame Kelly Holmes Trust and the Wildlife Trust or funding innovative environmental projects with our partner Hubbub including their 'Neat Streets' programme, we are a young company open to investigating new ideas while building on our successful legacy.

In the production of both Lucozade and Ribena we employ a range of environmentally friendly practices reducing our impact on surrounding communities. For many years we have reduced transport pollution by producing our own bottles on site, the majority of power for our factory is delivered through a combined heat and power plant and our Ribena bottles are made from recycled polyethylene terephthalate (PET). But we have more to do, both as a company and as an industry.

LRS is a member of both the British Soft Drinks Association (BSDA) and the 33-member Packaging Recycling Group Scotland (PRGS), both of whom have submitted a response to the ZWS call for evidence. Both organisations believe that a Deposit Return System (DRS) will undermine existing efforts to tackle litter and increase recycling and that this is not the right approach for Scotland. LRS stands alongside our colleagues in supporting a more successful and unprecedented alternative to tackle litter and recycling – achieving a beverage recycling rate of 80% by 2025. The PRGS proposal can be found by visiting [www.prgs.org.uk](http://www.prgs.org.uk).

## The Challenges with a Deposit Return System (DRS)

It is our opinion that given the published research and the insight and experience from both ours and other industries, the introduction of a DRS in Scotland would be ineffective. We believe it would be counter-productive in trying to increase recycling rates and reduce litter. There is no 'silver bullet' to the problem of increasing recycling and reducing litter - the solution lies in a range of activities. These should include:

- Building on the success in Kerbside collections,
- Increasing provision for recycling and driving behaviour change supported by robust and effective communications initiatives,
- More litter bins out of the home; an approach we very much endorse with our support of Hubbub's 'Neat Streets' initiative.

While smaller 'closed' schemes may be effective in isolated environments, a national DRS would face a number of significant challenges, particularly given Scotland already has a kerbside recycling system:

- The introduction of a DRS in Scotland would lead to a disproportionate increase in costs to consumers, retailers and manufacturers,
- A DRS would, by its very nature, be complex to operate. This new system would be confusing and inconvenient for many consumers across the country and potentially impact negatively on recycling and reducing litter. DRS would undermine the current kerbside recycling collections which are now embedded in Scottish society,
- A DRS would divert valuable material away from local authorities as consumers will use the kerbside recycling less and would result in reductions in their waste collections. A DRS will focus attention on a small percentage of litter, drawing attention away from larger problems.

## DRS and the impact on the consumer

A deposit system will almost certainly increase the cost to the consumer. You can assume that a number of consumers will store their containers or retain them while they are out until they can obtain their refund. However, there will be many more that simply do not have the opportunity or the time to store containers and potentially queue or make a special journey to a place they can receive their deposit back. This will mean an increased cost in both time and money.

Eunomia's proposed DRS in Scotland includes drinks cans, bottles, cartons (glass, metal, plastic and paperboard), and includes alcoholic drinks, possibly milk and potentially even food products, as well as soft drinks. With such a widespread scheme, there is significant risk of confusion about which containers carry a deposit and how they can be stored given it is proposed they will not be going into kerbside recycling.

Interestingly, the Eunomia report pays little attention to those who may struggle to participate in a DRS. The older generation, those without access to transport, and lower income families will almost

certainly be at a disadvantage as it will be more difficult for them to take the empties back to store, meaning they will lose their deposit. These are often the populations that cannot afford to take the financial 'hit' particularly during a weekly 'shop' in the Supermarket.

## Impacting on kerbside collections

A DRS will only focus on one element of the challenges facing litter and recycling but impact negatively on many more – a scheme would only tackle a small percentage of household waste. Kerbside collections capture far higher volumes of waste across all material categories, including drinks bottles. Kerbside collections are less confusing for the consumer, which has been reflected in their success. Consumers/householders are already used to kerbside recycling systems, driven by the high levels of resource that has been invested locally and nationally across Scotland.

DRS would undermine the success of local authority kerbside collections, diverting the most identifiable, easily sorted and valuable materials away from cost effective materials collection by local authorities.

Given the relatively high scrap value of drinks containers alongside other recyclables, a successful DRS would leave local authorities with less income but still incurring similar collection costs for lower value materials. This issue will be exacerbated in other areas of local authority collections. DRS will only focus on a small percentage of containers but local authorities will still need to continue emptying bins and sweeping streets, ensuring the recovery of waste newspaper, food and cigarette packets etc. These will still continue to be dispensed with in their current levels – in some cases this may increase as people 'forage' for bottles they can obtain an income from. It is safe to say that once someone has emptied bin contents onto the street to find two or three bottles from which they can obtain cash, they will not want or be willing to put the litter back into the bin when they are finished.

## Cost of a DRS scheme

This response to the call for evidence focuses on the Eunomia report separately but there remains a significant issue around the cost of implementing and running DRS in Scotland.

Implementing such a scheme in Scotland would result in costs and prices across the market – for supply chain, for industry and for consumers. This would hit small retailers particularly hard:

- The storage and collection of containers would provide difficulty for many small retailers, space obviously being at an optimum. For many it will be a case of losing valuable shelf space as the impulse sector generally does not have 'free' space that is not already utilised.
- Smaller retailers will not have the space to store containers which will increase the pick-ups from retailers. This adds to cost, congestion and importantly, the carbon footprint of the DRS with increased air pollution.
- Retailers will have to refund deposits on behalf of manufacturers until the transaction has passed through the system. This may put an unnecessary burden on the smaller retailers, restricting cash flow.

Eunomia's report states that TOMRA charges £30,000 per RVM plus £2,000 for installation, which would mean an investment of £86.4 million for the 2,700 machines the report states would be needed.

For DRS to be implemented, it will need a labelling system on each product in the scheme. Without this DRS cannot be delivered. The Eunomia report suggests two labelling options:

- A Scotland-specific label and barcode quoting costs of £1.2 million for increased warehousing. However, the Eunomia report fails to acknowledge the need for significant increases in stock keeping units (SKUs) to accommodate special Scottish labelling requirements. This will naturally impact on manufacturing efficiency, stockholding for retailers and an increase in the cost of production and goods .
- A UK-wide label, which most producers would opt for as approximately 75-80% of brands are sold UK-wide. However this would create issues with fraud as drinks bought in England could take products to Scotland to claim the deposits. There is precedent for this in other countries (Germany, US). Importantly, any scheme would have to use the latest counterfeit-proof technology which will also increase costs that could be passed onto the consumer.

## Eunomia's Evidence/Report

As a member of both the British Soft Drinks Association and Packaging Recycling Group Scotland, we share our industry colleagues' concerns regarding some of the evidence in Eunomia's recent report.

As a company and as an industry, we are committed to driving positive change in the environment and supporting initiatives that will make a positive impact based on robust investigation and outcomes. The report *A Scottish Deposit Refund System* published by Eunomia restricts its focus to DRS and not wider. For that reason it should not be seen as a policy document or be used to inform Government decision making.

LRS has a number of concerns with the research methodology and subsequent findings in the report.

- Engagement with stakeholders was too limited to obtain a broad understanding of the impact of a DRS:
  - there was no engagement with key industry stakeholders
  - local authorities who deliver kerbside recycling schemes were not engaged
  - Expert waste management companies, the specialists in the industry were not part of the report
- Eunomia did, however, consult with TOMRA (a Reverse Vending Machine manufacturer) which has a vested interest in the development of a DRS in Scotland. RVMs are expensive machines, and RVM manufacturers would no doubt benefit significantly from a DRS being introduced.
- Scotland already has a DRS system in place, being delivered by AG Barr for returnable bottles. While it does differ from the one proposed, AG Barr's scheme should have been considered as part of the Report as it highlights the levels of consumer engagement in the scheme and provides an actual level of uptake in Scotland itself. This was not taken into account in the report. AG Barr state that despite efforts to keep the system working,



including increasing the deposits from 20p to 30p in 2008, many consumers still don't claim back the deposit.

- In 2012, the government included glass in kerbside collections resulting in the return rates from AG Barr's scheme dropping from 65% to 57% and it has continued to drop to 54% where it is today. Eunomia stated in its' report that there is the potential to reach a return rate of around 85-95% with a 10-20p deposit in Scotland, but it is unclear what these figures are based on. On current figures, this is a very high estimate.
- The report includes information about DRS in selected countries but did not assess countries that have carried out impact assessments of DRS and rejected them – Czech Republic, France, Ireland, Poland, Spain, Switzerland.
- The findings in the report have not been verified independently. The report's estimate of cost savings from litter reduction is speculative and Eunomia says beverage containers are 40% of litter based on volume. Studies that measure number of littered items put it at between 3%-20%.

LRS remains committed to improving recycling rates and reducing litter in Scotland and believes harnessing the marketing and communications expertise of the member companies of the PRGS and BSDA is the best approach. This is a unique opportunity that will build on the success already delivered by local authorities in kerbside recycling and reductions in litter and make a positive contribution to the communities of Scotland.