

Dear AERA Committee Member

I am writing to you on behalf of the Northern Ireland Food and Drink Association (NIFDA) in advance of the Agriculture, Environment and Rural Affairs Committee Briefing on the UK Environment Bill to draw your attention to some key issues for our members.

NIFDA is a membership body representing and advocating on behalf of the food and drink sector. We are committed to maximising the growth potential of the industry, with the aim of a projected turnover of £7bn by 2020 through export-led growth.

In 2019, NIFDA established a Packaging Committee, whose members have an interest in some aspects of the Environment Bill which relate to their operations: namely the Deposit Return Scheme (DRS); Extended Producer Responsibility Scheme (EPR) and charge for Single Use Plastics.

We support the policy objective that these proposals seek to deliver. However, our members are deeply concerned that the current government proposals will fail to achieve their policy objective, if they don't reflect our local circumstances: for example, we lack the infrastructure to support a move towards reducing the amount of plastic in the system.

The provisions contained within the Bill relating to these proposals can be found in clauses 47 and 48, 51 and 52 respectively, and, as devolved matters, they will require legislative consent from the Northern Ireland Assembly.

Please find enclosed a briefing paper on the key policy areas referred to in this letter, which I hope will help inform your position in relation to the Bill and the briefing you will receive at committee on Thursday. We have also proposed some solutions to ensure that Northern Ireland can work to address environmental challenges in a way that will generate long-term and positive results.

Should you require any further information in advance of the debate, please contact Anna Mercer ([anna@stratagem-ni.com](mailto:anna@stratagem-ni.com) / 07703830139).

Sincerely

A handwritten signature in black ink, appearing to read 'Michael Bell', with a long horizontal flourish extending to the right.

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## POSITION PAPER

### BACKGROUND

UK Government has consulted on 4 different topics relating to packaging and plastics during the absence of the Northern Ireland Executive and Assembly; three from DEFRA, and Plastic Tax consultation which comes from Treasury.

- **Reform of the Packaging Recovery Notes (PRN) system** including a tenfold increase in costs from producers - Legislation to be passed in 2021 for roll-out in 2023
- Implementation of a **Deposit Return System for England and Wales** (and with links to Scotland and NI) - Proposed Implementation date – 2023
- **Plastic: Tax for less than 30% Recycled Content** (which goes wider than packaging) - Proposed Implementation date - April 2022;
- **Consistent recycling collections for England** to increase recycling rates in England to 65% - Proposed Implementation date – 2020

### POSITION: REFORM OF THE PACKAGING RECOVERY NOTES (PRN) SYSTEM

- We agree with the key principles set out for an effective EPR for NI. A well-designed EPR scheme can build on the existing kerbside collection scheme achieving an improved recycling rate across all sales packaging types.
- We believe that reform of the current system is necessary in order to drive up recycling rates, create greater transparency around the use of funds and to increase investment in recycling infrastructure.
- We are fully committed to working with the other parts of the value chain, with Government and other stakeholders to build a truly circular economy for food and drink packaging.
- It is important that the proposals lead to a coherent, transparent and integrated system that will minimise negative impacts on business, local authorities and consumers as well as promote long term infrastructure investment and planning.
- It is vital that the proposals, and those put forward in the linked consultations on a DRS, plastics tax and collections, work holistically and that organisations do not end up paying multiple times for the same packaging item.

- Our members fully committed to working with other stakeholders and with Government on developing proposals for reforming the current UK producer responsibility system for packaging. We believe that reform is necessary in order to drive up recycling rates, create greater transparency around the use of funds and to increase investment in UK recycling infrastructure. This needs to be done in a way that minimises negative impacts on business, local authorities and consumers alike.
- The key issue I have is “supporting the principle of moving to a full net cost recovery approach for producers” and would like this altered. A shared responsibility approach needs to be maintained across the packaging chain in order to help foster collaboration and encourage all businesses to do the right thing. In addition, Government needs to recognise that business alone will not be able to absorb all these costs and that a proportion will need to get passed on to consumers.
- Encouraging and educating the public about responsible disposal is an important element of ensuring success. Whilst we fully accept that it must contribute appropriately to collection and recycling infrastructure improvement and behaviour change campaigns, this will be ineffective if consumers do not play their part by using the systems provided.
- Fees from obligated businesses support the improvement and consistency of packaging materials and should incentivise packaging that is ‘recyclable’ and containing ‘recycled materials’.
- We agree that strong governance of any EPR scheme is essential, including clear role sorts for packaging producers with full transparency for the investment of producer fees.
- Experience across Europe suggests having ‘Packaging Recovery Organisations’ (PROs) as part of the mix could deliver operational efficiencies (e.g. in managing flows of data and funds, producer relationships management, demonstrating compliance with targets, and engaging strategically with the recycling industry).

## DEPOSIT RETURN SYSTEM (DRS)

- Whilst a well-designed DRS has merits, an NI scheme has some practical challenges.
- The unique geography of NI means we will not benefit from the economies of scale through a UK-wide scheme.
- A deposit return scheme would remove some of the most valuable material (PET bottles and cans) from the kerbside collection scheme and ultimately costs would rise for consumers.
- Given the high level of cross-border trade between the Republic of Ireland and NI there is the potential for cross border fraud and issues with economies of scale in the production of packs and labels. *Delivering Resource Efficiencies* clearly states the need for complementary schemes on each side of the border to protect against this.

**Solution:** An “on-the-go” voluntary collection scheme that could be incorporated as part of an EPR scheme is preferable, focusing on small PET bottles, cans, cartons and coffee cups. This should be introduced and evaluated before a DRS is considered for NI.

## PLASTIC: TAX FOR LESS THAN 30% RECYCLED CONTENT

- While we acknowledge the HM Treasury objective to incentivise an increase in the use of recycled plastic in plastic packaging, the unique geography and market on the island of Ireland make some proposals impractical and potentially counterproductive to the policy intent.
- Given the high level of cross-border trade between the Republic of Ireland and NI, the proposed tax could cause distortion in the market and create a competitive disadvantage for operators manufacturing goods and selling in NI.
- There are also legal and technical challenges as most food contact plastics beyond PET is at odds with the legal framework governing materials and articles in contact with food which currently disallow recycled content e.g. flexible films. Many food producers will therefore not be able to mitigate the impact of the tax which is therefore likely to be passed on to consumers in the form of higher food prices, hitting the poorest members of society hardest.
- Taxes such as the one proposed here, which are designed to change behaviour or provide an incentive/disincentive towards a practise, are difficult to achieve and complicated to implement. Practical application of tax must take into consideration:
  - Availability of food-grade recycled materials;
  - Role of packaging and technical constraints for recycled content in certain plastic types;
  - Total unit of packaging when measuring overall recycled content;
  - Sales packaging only.
- HM Treasury’s proposal to exempt imported filled packaging from the tax is very likely to harm UK businesses. Competitors from abroad will have a clear advantage. Imported filled packaging should be treated in the same way as UK manufactured and filled packs.
- Similarly, the UK’s provisions on tax relief on exported filled packs need to be considered so that domestic businesses are not disadvantaged comparable to those from abroad.
- Tax must incentivise sustainable packaging and this revenue should be ring-fenced to encourage innovation and infrastructure support to create consistent availability of recycled materials.
- This coordination should also extend to the timing for introducing a tax to ensure it is aligned with the likely increase in supply of high-quality food grade secondary raw materials arising from a reformed packaging producer responsibility system and needed to meet the demand for recycled content. We therefore advocate that any implementation date should be extended to 2025 to allow essential changes to take

effect and to avoid unintended consequences, such as stimulating a demand for recycled plastic materials rather than growing domestic infrastructure.

**Solution:** We believe that the desired outcomes of the proposed tax can be achieved through a modulated fee structure in an EPR Scheme. This approach would be more flexible, easier and less costly to implement and will be less open to creating unfair competitive disadvantage.

## CONSISTENT RECYCLING COLLECTIONS FOR ENGLAND

- We believe joined-up implementation of EPR and 'consistency' across the UK are essential for success.
- The initial core set of materials needs to be as wide as possible to encourage citizens' buy-in, and to ensure recycling rates increase robustly.
- For most materials (e.g. paper, metals, glass and plastic bottles) the issue isn't necessarily consistency as these are almost universally included in councils' services already. Rather, the challenge is to increase the capture of these items as close to 100% as possible.
- For plastic pots, tubs and trays these are recommended to be included in the core set from the outset as xx% of councils collect these. To get to 100% of councils collecting plastic pots, tubs and trays, 'local issues' in the remaining xx% of councils need to be overcome swiftly (e.g. a pre-existing contract with a waste management company).
- Getting the core set of dry recyclable materials to be collected right from the outset is very important.
- We support the Government's initial list of core materials. However, in addition to the materials proposed in the consultation we would advocate that plastic film (aligned with the work being undertaken by the UK Plastics Pact) be included.
- For example, we are aware that in NI pre-packaged bread has almost 100% penetration in households, that's a significant amount of PE bags which are consumed every day in NI and thus this is an important source of recyclable material that is not presently exploited. This also sends a clear signal to waste management companies to invest in infrastructure in the knowledge that feedstocks will flow
- Citizens' buy-in and participation in the new systems is critical if the capture of high quantities of high quality recyclate is to be achieved. This requires collections 'consistency' to be applied efficaciously to all the varying housing types and settings.
- Extensive national communications campaigns will need to lay-out the benefits to citizens of their participation because 'citizen responsibility' is a critical factor alongside 'producer responsibility'.