

Chambers Ireland submission to the Department of Communications, Climate Action & Environment on the Proposed Introduction of New Environmental Levies

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Chambers Ireland represents the largest network of businesses in the State. With 39 Chambers, located in every city and major town in the country, we are uniquely positioned to understand the needs and concerns of Irish businesses and represent their views. Drafted in correspondence with our Chamber Network and associated policy fora, which represent the Chambers and their member organisations, Chambers Ireland is pleased to have the opportunity to make a submission to the Department of Communications, Climate Action & Environment on the proposed introduction of new environmental levies. This submission outlines Chambers Ireland's perspective on the impacts of such levies to businesses across Ireland. It makes recommendations on each of the proposals recommended by the Department that would achieve the required waste reductions targets, while also protecting businesses and consumers in the transition to a circular economy.

Introduction

China's ban in 2018 on the importation of plastic waste from EU countries means that exporting our plastic waste is no longer possible. This poses a significant challenge for Ireland which ranks as the largest producer of plastic waste in the EU. Moreover, Ireland's material consumption is well above the EU average – 61kg per person, per year – and continues to rise as the economy recovers and expands.

Engaging in ways to reduce plastic waste production in Ireland is subsequently a key environmental challenge for individuals, industry and the government if damage to the environment is to be minimised. The plastics industry is very important to the Irish economy and increasing its sustainability can bring new opportunities for innovation, competitiveness and job creation. While it is unlikely that we can transition to an entirely plastic-free Ireland, we can reconsider and redesign the way in which we use plastics in a more sustainable manner by engaging in a more circular model. This requires a profound change in how we think about growth and economic development and will affect everything from product design to finance, from technology and innovation to public policy and the structure of society.

On the fourth anniversary of the UN Sustainable Development Goals (SDGs) in September 2019, all affiliated Chambers across Ireland announced that they had signed a pledge giving their commitment to supporting the SDGs. We have chosen to focus, initially, on Goals 8, 13, 11, 9 and 5, and we commit to ensuring that we make progress in achieving these goals which is reflected in all the work that we do. Therefore, we propose that the Department frames all its work in the area of new environmental levies under the SDGs, specifically Goals 12 (Responsible Consumption and Production) and 13 (Climate Action).

Proposal 1 (Increase Plastic Bag Levy) & Proposal 2 (Remove the Exemption of the Medium Weight Plastic Bags from Plastic Bag Levy)

In 2002, Ireland was regarded as a trailblazer in the battle against waste when it introduced the Plastic Bag Levy which had an immediate effect on consumer behaviour with a decrease in plastic bag usage from an estimated 328 bags per capita to an estimated 14 bags per capita in 2014. But 17 years on, our reputation has somewhat diminished from leader to laggard. The 22c levy is no longer enough of a deterrent. As we consider the consumption pattern changes which are needed in the short to medium term to address the

global environmental emergency, we need to be more ambitious nationally in how we approach the issues of waste management and waste prevention.

Business needs clarity on regulation and a facilitative framework that allows them to plan accordingly on what new production methods and materials need to be adopted. To this end, if we are to accelerate our transition nationally, we strongly believe that incentives and supportive frameworks, rather than just levies, will be more successful in supporting businesses to make the switch to alternative production methods and materials. As such, we commend the recent appointment of a Just Transition Commissioner to oversee the transformative changes required of business to move to a low carbon, low waste economic model. A Just Transition Commissioner for Business should work with those sectors which need to adopt the most transformational changes in the short to medium term. However, in the immediate, the transition away from plastic must be urgently addressed, and to do this we must reinforce the need for urgent transformation with a government function that can specifically support, accelerate and enhance actions and measures to implement all necessary changes.

As a stand-alone action, we view the incremental increase in the plastic bag levy as an ineffective option for catalysing change, given the growing concern nationally and internationally on waste and the need to secure a change in consumption and production practices. To successfully achieve a complete transition to non-plastic bag alternatives, we urge the inclusion of a nationally agreed date which will ban the plastic bag. We urge this to be considered in the medium term (within 3 to 5 years) with measures, supports and activities undertaken immediately to support a transition to bio-economy alternatives or 'bag for life' alternatives. The date to ban the plastic bag must be agreed and committed to and decided upon through collaborative engagement with the business community.

This is the starting point and the concurrent focus should be on supporting businesses to transition. Alternatives must be affordable, and legislators should examine options to incentivise producers to adopt alternative production methods via a subsidy to produce 'bag for life' alternatives at an affordable cost base. Currently, the plastic bag levy is deposited into the Environment Fund which finances waste management, litter and other schemes aimed at protecting the environment. In the last account statements available for the Environment Fund in 2017, the environmental levy on plastic bags generated €7,280,045.¹ Chambers Ireland recommends that new increased levies on all plastic bags must be ringfenced from the Environment Fund in order to direct resources towards correct waste disposal infrastructure, including recycling, recovery and composting systems that lead towards the aim of the transition to a circular economy under the Climate Action Plan 2019. Furthermore, funds must be allocated to support businesses and producers to make this transition to move away from the production of lightweight and medium weight plastic bags towards bio-economy alternatives. There should be support for local education, awareness campaigns and national programmes in reskilling and training opportunities nationally on packaging design and the opportunities to design practical packaging which minimises waste.

Proposal 3 (Introduction of a Coffee Cup Levy)

Given that there is a large quantity of businesses who have already revised their supply chain and moved towards more sustainable, compostable materials, it is our view that they should be exempted, should a "latte

¹ It is important to note that there is no separation in the accounts statement concerning how much revenue was generated by plastic bags charged at 22c and medium weight plastic bags typically charged at more than 70c.
Department of Communications. Climate Action and Environment, *Environment Fund Accounts 2017*,
<https://www.dccae.gov.ie/documents/ENVIRONMENT%20FUND%20ACCOUNTS%202017%20FINAL.pdf>.

levy” on disposable coffee cups be introduced. We therefore recommend that either a levy exemption, or a very low levy on sustainable, compostable coffee cups be put in place. Government policy on circular economy and waste reduction must support and incentivise businesses to innovate and make responsible changes to their supply chains. If these distinctions are not evident in Government policy, innovation will be reduced, and overall competitiveness of these businesses will be harmed.

It is also our recommendation that an outright ban on non-recyclable coffee cups should be introduced, so that more businesses change to using sustainable, compostable materials. A date on the ban should be agreed in collaboration with the business community. In the transition to a ban, unrecyclable single-use disposable coffee cups should be subject to a high levy of closer to €1. These levies should be used to expand the availability of appropriate public bins for recyclable and compostable materials. Moreover, while there is little research to suggest that a ‘latte levy’ would encourage consumers to stop using disposable cups, we could see a drastic reduction in the number of disposable coffee cups ending up in landfills and incinerators almost immediately if the levy was charged at a high enough rate to actively encourage consumers to use their own cups.

To encourage the use of reusable cups, Chambers Ireland recommends the adoption of a National ‘CupSwap’ scheme (under the Waste Management Act 1996) to promote the elimination of single-use coffee cups whereby customers would pay a deposit down on a washable, durable, standardised takeaway cup which could be exchanged for a new cup of identical specification at any other participating outlet.

- Cups would be a range of sizes (8oz, 12oz and 16oz).
- They would be made from durable substances such as stainless steel (insulated in this case), or a high-quality food-safe plastic or other suitable material.
- The cups would be identical in every way (colour etc., and without branding) as one chain of cafes may not want to carry another’s cups and so on.²
- Customers would put down a reasonable deposit – not so high as to discourage them from doing so and not so low as they throw them in the bin or accumulate them at home or in their car. €5 could be a good place to start, but this would be better market tested properly.

The scheme would need to be the only option for this type in the country. Having a single scheme would be simpler and would drive greater momentum, which would drive adoption and engagement from the public. In order to encourage businesses to engage with the scheme and not be discouraged by the prospect of having to wash the extra cups or manage the deposit system (which would need to have a central fund with regional oversight so as to not disadvantage any participant), Government should explore options to have them sent to an off-site facility to be washed in bulk and returned.

Emphasising levies instead of supporting businesses to remove single-use plastics (SUPs) from the supply chain is the wrong approach by the Government. Instead policy should be used to support businesses who have already made changes to their supply chain to remain competitive, to allocate funds to implement correct recycling and composting infrastructure, and supports for businesses to make the transition to the circular economy that will ensure the long-term reduction in waste in this regard.

² The suggested ‘CupSwap’ scheme could be based on a similar model such as the one already in place [here](#). However, it is important that if this is to be a national measure then there needs to be no branding so that every café/coffee shop can carry these cups.

Proposal 4 (Introduce Takeaway Levy) & Proposal 5 (Introduce Food Packaging Levy)

A drastic decrease in the number of single-use plastic food containers and packaging will be another key objective in the transition to the circular economy for businesses in the hospitality sector in Ireland. Similar to the proposed coffee cup levy, an outright ban on unrecyclable single-use food packaging must be implemented in the medium-term (within 3 to 5 years) with a date agreed upon through consultation with businesses. Unrecyclable single-use food packaging should be subject to a higher levy in the transition period to actively discourage consumption, taking into consideration all socio-economic circumstances. Furthermore, the Government must ensure that these levies are not negatively impacting the competitiveness of businesses by punishing those who have already revised their supply chains to reduce plastic waste and carbon emissions.

The recommended DCCAE proposals require greater market research concerning reusable products already on the market and those being developed for future use, in addition to the appropriate waste disposal infrastructure. For example, materials such as bees wax paper³ can be washed and re-used for up-to one year and is 100% compostable, but only if it is treated in correct composting systems. These could potentially become more attractive options for food packaging in retail outlets for bakery items, fruit, vegetables, meat, etc. Bamboo is another good example of a fast-growing renewable food packaging material. Both living biomass and long-lived bamboo products have the potential to sequester 2.6 tonnes of carbon per acre annually.⁴

Nonetheless, for the environmental benefits of switching to compostable and biodegradable materials to be realised it would rely on correct segregation into composting waste streams and investment in those facilities. Revenues ringfenced from plastic bag levies, single-use coffee cup levies, and single-use food packaging levies would be key to ensuring that such new biodegradable and compostable materials are sent to facilities within Ireland that can offer the correct environments for their disposal and reintroduction into the circular economy chain.

Proposal 6 (Waste Recovery Levy) & Proposal 7 (Increase the Landfill Levy)

Insufficient volumes of materials for recycling can lead to poor quality of separation, collection and sorting. It is imperative that the facilities we use for recycling improve so as to both encourage people to recycle and to ensure that we avoid introducing contaminants in the recycling streams and retain high safety standards for recycled materials. Central Government and local authorities, in cooperation with waste management operators, have an important role to play in improving public awareness of the right way to recycle and ensure high-quality separate collection. Financial resources collected through revenues from environmental levies can do much to boost such efforts.⁵ The Landfill levy has been used previously as a source of local government finance rather than as an economic instrument that achieves an agreed political objective. This needs to change. We would call for the proposed increase of €5 per tonne for each levy to be implemented without delay so that high-quality separation collections can be implemented across Ireland.

³ <https://irelandbeeswaxwraps.ie/care-instructions/>

⁴ Ellen MacArthur Foundation (2019) Completing the Picture: How the Circular Economy Tackles Climate Change. https://www.ellenmacarthurfoundation.org/assets/downloads/Completing_The_Picture_How_The_Circular_Economy_Tackles_Climate_Change_V3_26_September.pdf

⁵ The last account statements available for the Environment Fund in 2017 reported that the environmental levy on landfill of waste generated €37,106,281. Department of Communications, Climate Action and Environment, Environment Fund Accounts 2017, <https://www.dccae.gov.ie/documents/ENVIRONMENT%20FUND%20ACCOUNTS%202017%20FINAL.pdf>.

In doing so, this increase has the potential to complement Extended Producer Responsibility (EPR) Schemes. EPR is an environmental policy approach in which a producer's responsibility for a product is extended to the post-consumer stage of a product's life cycle.⁶ These schemes help to share the cost of managing the end-of-life of a product among industry, government and consumers. Generally, the cost of waste is borne by the consumer, government and councils as clean-up and landfill costs.

The Waste Management Act, 1996 established a legislative basis for Producer Responsibility Initiatives (PRIs). Essentially, PRIs allow product producers to develop schemes that fulfil the basic objectives of waste management legislation. This means that the products they produce are disposed of in a responsible manner, which complies with current government policy. The principal PRIs in Ireland concern Waste Electrical and Electronic Equipment (WEEE), Batteries, End-of-Life Vehicles (ELVs), tyres and farm plastics.

The critical role in the collective approach to PRI is discharged through a Compliance Scheme, whereby the Producer Responsibility Organisation (PRO) offers a service that enables producers to comply with their environmental obligations. Under the PRI approach, the PRO operates under an approval granted by the Minister. These producer responsibility agreements are underpinned by legal obligations so that individual businesses which do not elect to participate in a compliance scheme must then self-comply, as they cannot opt out of their obligations, or the costs associated with those obligations. These need to be expanded upon through EPR initiatives.

Proposed Extended Producer Responsibility scheme in Ireland

Producers accept responsibility when designing products to minimise life-cycle environmental impacts, and when accepting legal, physical or socio-economic responsibility for environmental impacts that cannot be eliminated by design. The application of EPR also ensures that waste management costs arising during the life of a product are internalised in the price charged to consumers. Such costs can be minimised where materials and products are managed in an environmentally effective manner throughout their life cycle. Increasing recycling and the reuse of plastic packaging is crucial to Ireland's plastic waste management. EPR has the potential to play a key role, by evolving from a cost recovery approach to one that also incentivises a transition to a circular economy.

Despite EPR being, in theory, an individual obligation, in practice producers often exert this responsibility collectively. In collective schemes, a PRO is set up to implement the EPR principle on behalf of all the adhering companies (the obligated industry). A collective EPR should be extended under PROs which were established by the Waste Management Act 1996.

Suggested models:

1. *Product take-back mandate and recycling rate target:*

This would make it mandatory for the manufacturers and/or retailers to take back end-of-life (EOL) products and sets specific recycling targets. These requirements are often met by forming a PRO, a collective effort by the industry to fulfil the EPR obligations of the member companies.

⁶ OECD (2001) Extended Producer Responsibility: A Guidance Manual for Governments, Paris, 164. <http://www.oecd.org/env/tools-evaluation/extendedproducerresponsibility.htm>

2. *Voluntary product take-back mandate and recycling rate targets:*

This would require a purely voluntary approach for the take-back with no penalties for not meeting the targets.

3. *Mandatory take-back and targets with a tradable recycling scheme:*

In addition to mandating take-back and setting recycling targets, this would allow trading of credits among producers to meet the required targets.

Both Japan and Germany have introduced very successful EPR schemes.⁷

The economic instruments include the following:

- 'Advanced recycling fee (ARF)', which imposes tax on the sale of the product to cover the cost of recycling EOL products. Fees are assessed per unit of the product and are charged at the point of sale either separately or assessed upstream on producers and incorporated into the retail price.
- 'Recycling fee combined with recycling subsidy', which uses the revenue generated from either the ARF or post-consumption recycling fee to subsidise the recycling process. Revenue generated can be used in several ways. It is either used to subsidise the upstream producer's activity of getting the waste recycled or cost of managing the waste including the infrastructure cost.
- 'Deposit refund system (DRS)' combines tax on the product consumption (the deposit) with rebate or refund when the EOL product is returned for recycling or environmentally friendly disposal. The deposit sum of the commercial cost of the product and the environmental cost associated with recycling. The mechanism encourages reduction and reuse of material inputs and ensures flow of materials for recycling and recovery.

Advantages of EPR:

1. *Creation of a sustainable production and consumption policy:*

EPR is a key element in implementing a sustainable production and consumption policy, promoting resource efficiency, high-quality recycling, substitution, use of secondary raw materials and the production of sustainable goods. As a result, it will improve the environmental performance of products throughout their life cycle, while meeting industrial and consumer needs

2. *Incentives eco-design:*

With the introduction of EPR, producers will be encouraged to incorporate changes in the design of products in order to be more environmentally sound. This will make products easier to dismantle,

⁷https://www.researchgate.net/profile/Yamini_Gupt/publication/280098372_Review_of_extended_producer_responsibility_A_case_study_approach/links/569773ea08aea2d7437568ff.pdf

reuse and recycle. In this way, the total environmental impact of a product decreases and waste prevention is stimulated.

3. *Full internalisation of environmental costs:*

The full internalisation of environmental costs allows for the financing of a sustainable and economically efficient management of waste. The environmental costs, at the least, include costs for pollution prevention and the collection, recycling and treatment of waste. These environmental costs should be incorporated into the price of products. Consequently, the consumer, and not the taxpayer, bears all costs related to the waste they have produced, which is more socially fair.

Summary of recommendations

Businesses are acutely aware that environmental measures and EU Directives are coming down the line as the world gets serious about climate change, habitat protection and the urgency to alter waste and consumption habits and behaviours. The move towards a circular economy, with the correct funding and infrastructure to enable businesses to make a coherent transition, must be a priority for Government as part of the Climate Action Plan. If Ireland is to meet the waste and carbon reduction targets by 2030 and 2050, it is critical that the introduction of any environmental levies must not harm the competitiveness of businesses who are taking the lead in transitioning to the circular economy by adjusting their supply chains in order to adopt sustainable, compostable, and circular materials. Therefore, Chambers Ireland recommends the following:

- Businesses must be facilitated to accommodate a 'Just Transition' that safeguards employment and economic activity. Therefore, we strongly propose that a proportion of the Environmental Fund is ring-fenced to support businesses and producers to make this transition and move away from the production of lightweight and medium weight plastic bags. We urge the inclusion of a national ban date of single-use plastic bags to aid businesses to prepare in advance. This should be considered in the medium-term (within 3 to 5 years) with measures, supports and activities undertaken immediately to support a transition to bio-economy alternatives or 'bag for life' alternatives, all of which is supported strategically and overseen by a Just Transition Commissioner.
- To protect business competitiveness, a levy exemption, or very low levy, should be applied to sustainable, compostable coffee cups and food packaging containers for business that have adopted circular economy supply chains already. Unrecyclable single-use coffee cups must be banned in the medium-term with an agreed-upon date for businesses to make the transition. A levy close to €1 should be applied to such single-use cups in the transition period. Moreover, we advocate for the introduction of a national CupSwap Scheme where a standardised cup would support the flexibility of 'grabbing a coffee on the go' while promoting an affordable and flexible reusable alternative to single-use cups.
- Similarly, businesses should be supported in transitioning to re-usable and compostable food-packaging materials. Like coffee cups, unrecyclable single-use food packaging must be banned in the medium-term (within 3 to 5 years) with an agreed-upon date for businesses to make the transition. Such unrecyclable packaging should be subject to a higher levy during the transition period to actively discourage the consumption of single-use packaging, taking into consideration all socio-economic circumstances. The price of any levy will determine the rate at which we see a dramatic reduction in this type of waste.

- The adoption of an Extended Producer Responsibility scheme under the Waste Management Act 1996 so that the costs of managing the end of life of a product are shared between Government, industry and consumer should be a priority for Government in achieving a circular economy, in line with the Climate Action Plan. The full internalisation of environmental costs would allow for the financing of a sustainable and economically efficient management of waste.
- The Environment Levy should be ringfenced to fund deficit infrastructure for recycling, waste recovery, composting, waste to energy district schemes, education and awareness raising across all of society e.g. in classrooms, in businesses and for consumers, to support circular economy models/social enterprises and projects to inform and educate business to design out waste. The Environment Levy when strictly ringfenced should support research development and innovation and to increase the affordability of alternatives for businesses.

We remind policy-makers and legislators that ahead of the introduction of new changes to how we manage waste, that there is an opportunity to engage with private sector business representation as a partner, and we believe there are practical benefits in this approach. Constructive engagement with the business community is instrumental in facilitating representative discussions on future pathways and actions. Through a collective discussion, policy is informed via ground-up engagement. Resilience and capacity building are key, and business needs to be supported with a strong regulatory and policy framework. We emphasise the value of public consultations and welcome future opportunities to engage on this and associated topics.