CSNA Submission to Joint Committee on Communications, Climate Action and Environment

Detailed Scrutiny of Waste Reduction Bill 2017

December 2017

The Convenience Stores and Newsagents Association is the representative body for 1,300 individual members in 1,500 stores throughout the Republic. Our members employ in excess of 35,000 full times and part time workers. The majority of our members are independent franchises of symbol groups, many are also forecourt retailers.

We welcome the opportunity to respond to the invitation to comment on this Private Members Bill specifically but also to make retailer – perspective observations on Environmental obligations that have financial and administrative burdens attached to them.

With regard to this Bill, CSNA is more than surprised to note the absence of a Regulatory Impact Assessment (RIA) that should accompany the Bill, as per Better Government guidelines. CSNA has no doubt that were a Cost Benefit Analysis (CBA) or RIA to be carried out on the Bill, it would not recommend the prohibition of non-compostable tableware which is at the extreme of possible actions to deal with an unquantified 'problem' or issue.

CSNA has the same reservations with regard to the lack of either CBA or RIA with regard to the suggested Deposit and Return Scheme. The Committee is no doubt aware that there was a study carried out some 5 or 6 years ago on the possibility of a Deposit and return Scheme and it very clearly determined that the costs of implementing such a scheme were prohibitive vis-à-vis the possible benefits that may accrue, citing various reasons for their conclusions.

CSNA would submit that as currently worded, references to Section 29 of the Waste Management Act 1996 would exclude those retailers that are members of Repak, an approved body as specified in the Act. There would effectively limit the scope of the prohibition or regulation envisaged in section 3 and 4 of the Bill. Section 4 subsection 5 refers to "exempting from all or any of the requirements under this Section" those members who are participating in a satisfactory manner in a scheme for the recovery of waste. If it is the intention of the Bill to seek to include Repak members, we would suggest it is a form of double taxation.

On these grounds, the lack of a rationale, a Cost Benefit Analysis and a Regulatory Impact Assessment, CSNA believe that the Bill to be fundamentally incomplete. We also believe that the Bill cannot proceed via Section 29 of the Waste Act 1996 as it excludes a substantial majority of retailers that are members of Repak, allowing them to continue to sell non-compostable tableware, and/or not obliged to provide for a Deposit and Return Scheme.

We would appreciate the opportunity to make a number of observations with regard to Environmental Levies and legislative obligations that various pieces of legislation have imposed upon our retail members.

This House (and by extension, a Committee such as yours) has a duty to ensure that legislation whenever contemplated is fair and foremost, necessary, and secondly that it is applied proportionally.

CSNA does not consider that a case can be made for the implementation of a Deposit and Return Scheme in Ireland. We do not believe that there is sufficient evidence that proves the existing 'cohort' of sealed containers in which beverages are sold are escaping the very efficient existing collection points at kerbside and would suggest that local authorities could improve collection rates even more if they provided designated recycling only bins on the main urban streets.

CSNA has consulted with our members on the subject of deposit and return schemes. Among them concerns were

- Hygiene storage in a food environment
- Fraudulent usage of bottles/cans from outside the State
- Potential litter problems stemming from domestic/public bins being ransacked by people in search of deposit – bearing bottles
- Having to accept and refund products not sold by the store
- Tying up capital-one assumes the deposit from our distributors is charged to retailers
- If a store does not take part in the scheme (if there was a de-minimus opt-out), then the migration of custom away from that store to larger outlets would be a very real problem
- With the least expensive reverse-vending machines costing around €30,000, how are smaller retailers expected to compete with multiples?
- Many stores are land locked, do not have any spare capacity to implement a deposit and return scheme
- The carbon footprint involved in collecting all of these bottles/cans must be added to the existing footprint of the current waste operations (who will presumably still be required to contract for the same number of customers even if their load does not contain drinks receptacles
- How is the used deposit treated in terms of VAT and other taxes – at what point would it be considered turnover or income, or is it to be reported in a separate 'escrow' account to avoid taxation?
- Many CSNA members pay annual fees to Repak – are we still obliged to pay them if the value of our sales for those products 'captured' by the Deposit Refund Scheme brings our annual turnover and/or tonnage of packaging below the entry level ordained by the Waste Packaging Act of €1m and 10 tonnes?
- Members of CSNA would contend that we are actually paying for the recycling of these products though the manufacturer, the distributor and the cash – and – carry has also already paid for the products. We should not be expected to have this form of double taxation levied upon us if a DRS was implemented

We are aware that this Committee may be interested in environmental matters not covered by this Bill, such as the recently suggested Environmental Levy for coffee cups, dubbed by some as the 'latte levy'.

CSNA members will obviously comply with any Levy that is imposed on our Sector but lessons can and should be taken from the phenomenally successful plastic bag levy. We are given to understand that, the Minister was not prepared to initiate a single value levy like the 22c plastic bag tax. We would believe that from an administrative approach, the single value levy is much more sensible that attempting to implement a percentage levy. Many of the products suggested have different VAT rates, depending upon their product and their use. If we are supposed to levy a charge upon the value of the product sold, that would be the ex-VAT retail price, which would inversely require a significant element of outgoing and tedious computation to ensure that the correct % was being applied to the end user.

Furthermore, it has been suggested that there would be a two-tier structure for changes for beverages, with the levy for those using a store-supplied plastic cup and without the levy for those not availing of our cups. This will require more additional administration in ensuring that all existing offerings and their price points would need to be programmed with 2 items or product rather than one – this would lead to very significant added problem when bundles or special offers of linked sales (coffee and newspaper at a special price) are in place.

There are also potential problems with regard to product liability. If a customer bringing their own (unsterilised) cup considers that their purchase is ‘off’ or tastes ‘funny’, we are being put into a difficult position with our customer, if we adopt a policy of refusing to entertain the complaint, we run the risk of losing or at a minimum, offending the customer, and if we adopt the ‘customer is always right’ policy, we incur a loss on the transaction!

As stated, our members will comply with the law as set out but would expect that we will have an opportunity to meet as stakeholders with the Department in advance of any attempts to introduce such a levy.

The existing plastic bag levy works very well from an administrative perspective. We imagine that Revenue would be involved in any similar extension to this levy, and would welcome the opportunity to engage with Revenue if and when such a levy is implemented.