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Procedure for allocation scheme for commercial fishing gear

Dansk Producentansvar, September 2024

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Calculation method and allocation criteria

In pursuance of the rules on producer responsibility, this document describes procedures, calculation formulas, and other criteria used in DPA to calculate the share of commercial fishing gear allocated to each producer to be picked up at the different harbours.

The allocation scheme covers allocation of the duty to pick up from the different harbours for individual compliers and collective schemes.

The allocation scheme - general

End-of-life and littered fishing gear must be collected onto land in view of collection and management by the companies subject to producer responsibility. A number of harbours in Denmark have been designated to be the starting point for the geographical allocation to be made by DPA. This means that the affected companies must pick up the end-of-life or littered fishing gear that has been collected in the harbours in question, so it can be managed as plastic waste. The distribution of the harbours is based on a calculation of the proportionate share of the quantities put on the market as reported by the affected companies.

The following general principles are behind the allocation:

- The share of collection of commercial fishing gear allocated to a producer must correspond to the market share of that producer.
- Whenever possible producers must be allocated with harbours where they are active.
- The producer can choose to affiliate to a collective scheme that assumes administrative and practical tasks associated with the collection and subsequent environmental treatment.

The allocation scheme only covers harbours designated by the Danish Environmental Protection Agency. Once a year, the Danish Environmental Protection Agency draws up an updated list of harbours to be included in that year's allocation.

Allocation period

An allocation period runs for twelve months. The period runs from 1 October to 30 September - with the exception of the first time, when the period runs from 31 December 2024 to 30 September 2026. A producer having been allocated a geographical area must in the entire period pick up all end-of-life commercial fishing gear collected in the allocated harbours.

Calculation of producer's allocation

The producers must take back their proportionate share of commercial fishing gear from a number of harbours. To allow for calculation of producers' share of commercial fishing gear, the producers report annually to DPA quantities put on the market and collected.

A number of data and calculation formulas are used for the calculations. These are described in the following outline. The description contains the components included in the quantitative calculation of the allocation.

In the calculations, the most recently reported quantities are used, i.e., quantities sold in the previous calendar year and reported in the reporting period of the present year. Only quantities reported before the end of the reporting period on 1 April are used.

Post-adjustments

Based on the data reported every year no later than 31 March in the producer register of DPA, the producer is allocated for a subsequent period of 12 months starting from 1 October. It may be necessary to post-adjust for the following issues:

- **Free-rider quantities:** Post-adjustment for producers having noticed after the introduction of the producer responsibility system that they are subject to producer responsibility and have been so also in previous years without being registered. It appears from the legislation that producers must assume their producer responsibility retrospectively if they were not registered in due time. This is done by registering deficient quantities in the statutory DPA register. These quantities are called free-rider quantities.
- **Post-adjustment for incorrect registrations and deficient registrations:** Inaccuracies have been seen in quantity data reported for producers during the annual reporting period. These errors will only be registered in the reporting period of the subsequent year; therefore, they are included in the first allocation made after the error has been corrected. Note that no post-adjustment is made for incorrect registrations for periods more than two years back, i.e. for the reporting year that preceded the present reporting year. Incorrect registrations may be:
 - Errors in already registered quantities put on the market
 - Not previously registered quantities that have been re-exported after the reporting of quantities put on the market
 - Errors in already registered collected quantities
- **Excess/deficient collection:** Compensation for the fact that the harbours allocated to the producer in the preceding allocation period did not supply the expected quantity of waste. Or that for other reasons the producer has not collected the allocated quantity. This is called excess/deficient collection.
- **Producers entering the market after 1 April:** The post-adjustment applies to new producers registering in the course of an allocation period and thereby not submitting data for calculation of the current allocation scheme, i.e. annually after 1 April. Such producers are adjusted according to the following principle:

The producer should have been allocated with collection for the year in which the producer entered the market. In practice, this is not possible since the allocation has already been calculated. In the subsequent period, the producer is therefore allocated both for the subsequent new period and for the preceding period in which he did not participate. In practice, this is done by having for the producer a

deficient collection corresponding to their market share - since there was no allocation to that producer in the previous period.

Steps in the calculation method

The calculation of the allocation takes place in four steps consisting of the following sub-calculations:

- Take-back factor
- Market share incl. correction for post-adjustment and collection rate
- Excess/deficient collection
- Final allocation

Take-back factor

The take-back factor is calculated by dividing the total collected quantity in Denmark with the total quantities put on the market in Denmark in the latest reporting year. In other words, the share totally collected in the reporting year in Denmark in relation to how much was put on the market and that generally is expected to be collected in relation to next year's quantities put on the market. The take-back factor is used for deciding the producer's expected collection in the next allocation period.

Definitions

Total quantity put on the market in Denmark, only for reporting year (kilogram):

Total quantity put on the market for all producers with quantities in that fraction from the reporting year (calendar year-1).

This quantity is used for calculating the take-back factor. Corrections for last year and free-rider quantities are not included here, since the take-back factor only reflects how much was taken back in the current reporting year.

Total collected quantity in Denmark, only for reporting year (kilogram):

Total quantity collected for all producers with quantities in that fraction from the reporting year (calendar year-1).

This quantity is used for the calculation of the take-back factor and excess/deficient collection. Corrections for last year and free-rider quantities are not included here, since the take-back factor only reflects how much was taken back in the current reporting year.

Calculations

Take-back factor	$= \frac{\text{Total quantity collected in Denmark, only for reporting year (kilogram)}}{\text{Total quantity put on the market in Denmark, only for reporting year (kilogram)}}$
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Market share

Definitions

Put on the market, reporting year (kilogram).

Quantity of commercial fishing gear in kilograms sold on the Danish market in the reporting year in question (year-1).

Re-export (kilogram):

Quantity of products in kilograms sold to another Danish company which has subsequently exported the products out of the country. In the calculation, re-export is deducted from the quantity put on the market, since there is no longer a take-back duty in Denmark for these products.

Corrections - post-adjustments for incorrect registrations:

In the reporting period, it is possible to correct quantities from last reporting year (calendar year-2). Changes for quantities put on the market are added/deducted in the new allocation. This means that if last year the producer reported a quantity put on the market of 100 kilograms and now has corrected this quantity to 80 kilograms, 20 kilograms will be deducted in the new allocation.

Corrections may also be made if a company reported a quantity put on the market last year of which a fraction was subsequently re-exported; therefore, the company can obtain a refund this year.

Free-rider quantities:

Quantities put on the market for years preceding the reporting year (year-1) that were reported since 1 April last year. Reported free-rider quantities must be added to the new allocation.

Put on the market, total (kilogram):

Total kilograms put on the market by the producer, incl. quantities from the reporting year (deduction of re-export) as well as corrections for last year and free-rider quantities from previous years.

Total quantity put on the market in Denmark (kilogram):

Total quantity put on the market in all of Denmark. This quantity is used for calculating the producer's market share under the new allocation. The quantity includes corrections for last year as well as free-rider quantities and deducted re-export.

Market share, total (%):

For producers having had a *geographical* allocation in the last allocation period, the market share from the last allocation period is used for calculating excess/deficient collection. In other words, in the calculation of the new allocation, last year's market share is only used for producers having been physically allocated with collection in one or more harbours in the last allocation calculation.

Calculation

Market share, total (%)	=Put on the market, total (kilogram) / put on the market, total in Denmark (kilogram)
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Excess/deficient collection

This post-adjustment has been established to compensate for the deviation arising from the fact that at the start of the year, the distribution of future market shares and the precise future quantity of end-of-life gear that will become waste in the harbours *are not* known. In the post-adjustment process, an adjustment is made for the deviation between the producer's calculated market share to be taken back and the share the producer actually collected in the previous calendar year. This deviation is included in the subsequent allocation period.

If a producer has taken back more than their calculated market share, this quantity is deducted in the producer's market share for the subsequent period. Correspondingly, a producer having taken back a smaller quantity than their market share will see the deficient quantity of end-of-life products added to their share in the subsequent allocation period.

Definitions

Actually collected, reporting year (kilogram):

Quantity taken back by producer in the category in question in the reporting year.

Total quantity collected in Denmark, reporting year (kilogram):

Total quantity collected in Denmark in reporting year. Quantities from previous years are not included in this quantity, since the quantity is to reflect what was collected in relation to last allocation.

Excess/deficient collection (kilogram and %):

First, excess/deficient collection is calculated in % by deducting actually collected share (%) of collective schemes/producer for the reporting year from last year's market share (%) for producers and schemes having had a physical allocation last year.

If the collective scheme/the producer has collected less than last year's market share, they get a deficient collection added to this year's allocated quantity. If the producer has collected more than last year's market share, the result is an excess collection that is deducted from this year's allocation.

Then, excess/deficient collection is calculated in kilograms by multiplying excess/deficient collection in % with the total collected quantity in Denmark.

Calculation

Actual collected share, reporting year (%)	=Actual collected share, reporting year (kilogram) / Total collected quantity in Denmark, reporting year (kilogram)
Market share, last year (%)	Market share transferred from last year
Excess/deficient collection (%)	=Market share, last year (%) - Actual collected share, reporting year (%)
Excess/deficient collection (kilogram)	Excess/deficient collection (%) * Total collected quantity in Denmark, reporting year (kilogram)

Final allocation

Definitions

Expected collected quantity (kilogram):

Is found by multiplying quantities put on the market (kilogram) with the take-back factor for the fraction in question. This is the quantity the producer is expected to take back in relation to their present market share.

Allocated quantity (kilogram):

Allocated quantity is the expected quantity to be collected, corrected for excess/deficient collection that was collected too much or too little in relation to last year's market share (excess/deficient collection in kilograms). I.e. deduction for excess collection or addition of deficient collection.

This is the quantity that will be used for calculating the financial guarantee.

Allocated share (%):

Is found by dividing the producer's allocated quantity with the total sum of allocated quantities.

This share is used in the geographical distribution of harbours.

Positively allocated shares (%):

Due to excess collection, a producer or a collective scheme might get a negative allocated quantity/allocated share. I.e. the quantity collected in excess exceeds the year's expected allocated quantity.

When the allocation is distributed among the harbours, it is not possible to allocate a negative quantity. Therefore, negative shares are removed.

Allocated share, corrected (%):

When the negative shares are removed, the sum of the positive shares will be more than 100%. We cannot allocate more than 100%, since we can only allocated what is available. Therefore, a correction is made among those with a positive share, so that precisely 100% is allocated.

Calculation

Expected collected quantity (kilogram):	=Put on the market, total (kilogram) * Take-back factor incl. corrections for previous years as well as free-rider quantities
Allocated quantity (kilogram)	Expected collected quantity (kilogram) + excess/deficient collection (kilogram)
Allocated share (%)	Allocated quantity (kilogram) / Total allocated quantity (kilogram)
Total of positively allocated shares (%)	Sum of positively allocated shares (%)
Allocated share, corrected (%)	Allocated share (%) / Total of positively allocated shares (%)

Allocation of harbours

DPA calculates next year's expected quantity of collected commercial fishing gear by taking the average of the harbour's total, actual collected quantity of end-of-life gear in the last three years:

$$\text{Harbour's expected collected quantity (3 years average)} = \frac{\text{collected quantity for year-1} + \text{collected quantity for year-2} + \text{collected quantity for year-3}}{3}$$

Once this calculation has been made, DPA allocates the different harbours to the producers in proportion to their market share. Only one producer can be allocated the same harbour, but one producer may be allocated more harbours in order to have the allocated share correspond to what is collected at the harbours.

Individual producers

Allocation criteria for allocation to producers not affiliated to a collective scheme

In the allocation of collection duties to individual compliers the same criteria as for the collective schemes apply. Whether a producer can be allocated with the collection of end-of-life commercial fishing gear is calculated from the criteria for allocation.

Market shares

Allocation is made in relation to market shares, which again are based on quantities put on the market. The market share is calculated including adjustments for quantities from previous years.

Smallest allocation unit is a harbour

It is decisive that the quantity the individual producer is expected to collect is large enough for the producer to be allocated the quantity of an entire harbour for an allocation period.

Notification of allocation to producers

Based on the above-mentioned criteria, a calculation is made every year of which producers can get physical allocation in a harbour. Before the allocation is published, it will be submitted for consultation among individual producers and collective schemes which are notified about how large a share they will be allocated to collect in the next allocation.

Financial guarantee

If an individual producer cannot be allocated a harbour, they will instead have to provide a financial guarantee. This is described in a separate document on financial guarantee.

Allocation criteria – prioritised list

As explained, the allocation is based on producers' market shares as well as an average of three years' collected quantities per harbour. When this calculation has been made, DPA allocates geographically the different harbours to the producers and the collective schemes.

For commercial fishing gear, there are two allocation criteria that have weight in the distribution of harbours. In order of priority, the criteria are:

1. The producer must be allocated with their market share
2. Whenever possible producers must be allocated harbours where they have a relation

Publication of allocation

The allocation is published on the website of DPA www.producentansvar.dk.

DPA informs the producers of the harbours allocated to them.

The producer must then immediately inform the harbour of operators in charge of practical work. Work covers supply of collection equipment and pick-up of end-of-life commercial fishing gear at the harbours.

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