



Scotland's Deposit Return System

In September 2017 the Scottish Government announced that it will introduce a deposit return system for drinks containers. Zero Waste Scotland is currently carrying out detailed design of the system for public consultation in 2018. We campaigned for deposit return, and hope that the following proposals contribute to the broader discussion and the shared aim of all participants, which is to make Scotland's system the best in the world.

Purposes

The objectives of a deposit return system are to reduce litter, increase recycling rates for drinks containers, save money for local authorities, strengthen the circular economy by securing high quality streams of material for recycling, create jobs in the recycling sector and help to mitigate climate change. However, the deposit system operator should simply be given the objective of achieving a specific return rate.

Scope – Materials

The system should apply to glass, metal and plastic drinks containers and lids. Although most of these will be one-way containers collected for recycling, the system should be capable of applying to refillable containers if required. All such drinks containers should be included within the system, with no distinction made as to whether the container was purchased for consumption on the go, at home or at an event. It should be able to be easily extended to cover additional items, such as tetrapak-type cartons, if required in the future.

Measures may be required to ensure that the Scottish system does not create perverse incentives that drive unsustainable changes in material use for packaging. These measures may include higher producer fees for materials that are more difficult to recycle, or revenue from one type of material being used to reduce the fee for that producer. Consideration should be given at a UK level as to how this approach will fit with any tax measures on the materials covered and with the Packaging Recovery Note system.

Scope – Drinks

The deposit return system should cover containers used for alcoholic drinks, soft drinks such as juice and water, and dairy products other than milk itself.

Deposit

There should be a single size of deposit for all drinks containers to make the system as simple as possible for consumers, retailers and manufacturers. The deposit needs to be large enough to be effective, so we suggest that it should initially be between 10p and 20p per drinks container. The system operator should be able to adjust the level of the deposit as required in order to assist in meeting the target return rate.

Unredeemed Deposits

If a consumer does not redeem the deposit on a drinks container and it ends up as litter or in a litter bin, the unredeemed deposit should be kept by the system operator. When a drinks container ends up in a local authority kerbside recycling collection and is returned by that local authority to the system, the deposit should accrue to the local authority which collects it provided the label is still machine-readable.

Handling Fees

Small handling fees should be paid by the system operator to retailers, hotels, restaurants and caterers to compensate for the cost of helping to run the system. The system operator should review handling fees periodically as part of its role of ensuring an efficiently-run system, and fee levels should vary depending on whether a business uses manual or automated redemption. At an absolute minimum this fee should ensure that participation in the collection system will be cost neutral for businesses, although in other countries deposits provide a small additional income.

When containers are compacted, this should yield a higher handling fee, as this reduces costs for the system operator by increasing bulk density and therefore reducing transport costs. Where larger retailers use reverse vending machines this can provide real time data, which enables the system operator to optimise logistics by planning efficient collection routes.

System Operator

The deposit return system should be run by a single not-for-profit organisation with representatives from retailers, manufacturers and the hotel/restaurant/catering sector on its governing board. The Scottish Government should impose targets (with financial penalties) which the system operator is required to meet. These targets should cover recycling rates, resource and energy efficiency, and a requirement to ensure downstream recyclers and packagers meet best environmental practice on handling and transporting materials. The system operator should be accountable to the Scottish Parliament through regular committee scrutiny.

Fraud

The system operator should be required to make adequate provision to reduce the likelihood of fraudulent redemption of beverage containers, in particular through appropriate barcodes. Offering higher handling fees for compacted containers will also help to reduce fraud. The Scottish Government should independently verify recovery and recycling rates each year.

Redemption System

Retailers should only be required to redeem deposits on all drinks containers made from the types of materials and containing the types of drinks which they sell. The system must be clear and simple enough for small retailers to be able to quickly and accurately identify and accept returns without electronic assistance.

England, Wales and Northern Ireland

The system should be designed to be easily extended to other parts of the UK if the UK Government and the other devolved administrations decide to adopt deposit return in future, ideally through co-operation between administrations during the design phase. The scope of materials and drinks included, product labelling, the amount of the deposit, producer fees and handling fees will be particularly important in this respect.

Exemptions

All retailers must be required to charge deposits, but very small retailers should not be required to redeem deposits if they do not wish to do so. However, given the desire to promote footfall for smaller retailers, we are concerned that exemptions set at 200m² - 300m² have not proved in the interest of retailers in countries where they have been applied, and we know many small retailers do want to take part. We recommend close discussion with their trade associations before deciding on this issue.

The process for opting in or out should be as efficient as possible, and the exact operation of exemptions should be discussed with small retailers to make sure that such measures do not divert footfall to larger outlets. Another option would be to allow smaller outlets to limit the number of containers that an individual can return each day.

Collection and Repayment

Efficient and predictable collection from retail and hotel/restaurant/catering businesses will be important, especially for those premises with limited storage space, and collective redemption facilities are worth considering here. Deposits should be returned to retailers as promptly as possible to reduce cashflow issues. Arrangements will also need to be made for returns via online retailers, which will also ensure that deposit return is as widely accessible as possible.

Social Enterprises

The system should be set up to allow the many social enterprises which currently run re-use and recycling initiatives to be involved in collecting and transporting drinks containers, to ensure that the many environmental and social benefits they currently bring to Scotland are retained and enhanced.

Charity Donations

Consumers should be able to donate their deposit to charity if they wish to do so when returning a container via a reverse vending machine. It should be possible for this to be varied over time and to be awarded to a wide range of different charities in different parts of Scotland by an independent board, or by groups who want to promote local charities and support community engagement.

Litter Surveys

The Scottish Government should commission a national litter survey to take place before deposit return is introduced and each year afterwards. This survey should be sufficiently robust to enable definitive evidence of impact on litter to be determined, and to identify future priorities for litter reduction and resource recovery.

Producer Fees

A fee should be paid by producers to the central system operator for each container they place on the market. The level should be set at least annually, and potentially more frequently, by the system operator on a cost recovery basis by material – covering the net costs of the system after unredeemed deposits and material sales have been deducted.

Additionally, there should be a one-off registration fee for each new product that is introduced, to ensure that its labelling and materials are compatible with the system and that the container is listed as part of the system.

Further Information

Have You Got The Bottle? is a campaign led by the Association for the Protection of Rural Scotland and supported by over 100 other charities, businesses, social enterprises, universities, producers, retailers, sports and recreation groups, churches and transport operators.

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