

## Briefing on proposals for a Scottish Deposit Return System – September 2015

PRGS is an unprecedented industry group with over 30 [members](#) across leading food and drink companies and industry bodies in Scotland. We are committed to improving recycling and reducing littering in Scotland.

We do not believe the introduction of a deposit return system (DRS) is right for Scotland. Instead we're offering [alternative proposals](#) to significantly improve recycling and tackle litter. This, we believe, will lead to drinks container recycling rates of 80% by 2025, exceeding government targets of 70%.

### Background

Zero Waste Scotland (ZWS) commissioned a [feasibility study](#) on whether a deposit return system for drinks containers would work in Scotland and issued a [call for evidence](#), which they will report on shortly.

The proposed system is **not based on a reuse DRS** - when empty bottles are returned to be refilled.

Instead, it only offers an **alternative method for collecting drinks containers for recycling**. Containers would be scrapped at the point of collection and sent to the same recycling centres that are used by existing kerbside and 'on the go' recycling schemes.

We believe **this would seriously undermine existing kerbside systems**, which are generating favourable rates of recycling. It would **increase costs** to consumers, business and councils at a time when budgets are tight. It's **inconvenient**, effectively asking consumers to walk past their existing kerbside recycling bins to return all drinks containers to shops, and it would **create inefficiencies** for business and councils.

More importantly, **it does not address the real problem of tackling all litter** by changing attitudes or behaviour and does not invest in **increasing the quality or volume of materials** Scots recycle.

### The facts

1. Current drinks recycling rates in Scotland are estimated by Valpak at 70% for glass bottles, 62% for aluminium cans and 52% for plastic (PET) bottles<sup>1</sup>
2. Future estimates by Environmental Resources Management Limited (ERM)<sup>2</sup> indicate the rate for recycling drinks containers would rise to 73% by 2017
3. Drinks containers account for only 6.4% of all Scottish litter according to Keep Scotland Beautiful – the most common littered items are gum (45%) and cigarette ends (90%) - we need to tackle all litter, through a holistic approach, not divert attention away through a DRS
4. A.G. Barr, who operate Scotland's only DRS, recently announced it will end its refillable bottle scheme due to declining return rates following the addition of glass bottles to kerbside recycling. They dropped from 90% in the early 1990s to 54% today, despite an increase to a 30p deposit.
5. Supermarket surveys show that customers do not feel positively about the idea of a DRS and think it would unfairly discriminate against those who have limited time, mobility and income.

<sup>1</sup> Valpak evidence submission to ZWS - The current recycling rate for plastic bottles in Scotland is 51%. These figures comes from Waste Date Flow and Recoup

<sup>2</sup> ERM, the leading environmental consultancy, analysed the financial and environmental impact of changes to recycling systems in Scotland, with a focus on the potential implications of introducing deposit return systems for beverage containers. Personal time costs have been calculated using a typical value of time and cost formula applied.

## Our offer

We presented our [Packaging Resource Commitment Scotland](#) to Scottish Government in April 2014, to significantly improve recycling, reduce waste and tackle litter. We believe this offers a more practical and cost effective solution to a DRS, which can be implemented immediately and produce results quickly.

We are not anti-deposits per-se. But, **we believe it is wrong for Scotland** because it would undermine the success of existing recycling and anti-litter initiatives which are working.

In some countries, where there is no kerbside recycling, it works and some of our members operate DRS in Scotland and elsewhere<sup>3</sup>. But, in others it has had an adverse effect on litter as bins are upturned in search of drinks containers and Sweden, which has had deposits for more than 20 years, had to increase littering fines in 2010 to combat the problem.

We don't want the status quo either. We want to build on the strengths, knowledge and expertise of our members, working alongside Zero Waste Scotland (ZWS), Scottish Government, councils and industry to **share best practice** and **maximise the communications reach** of our members to help influence behaviour towards recycling and littering.

There are **lower cost alternatives** to a DRS which would maximise recycling, benefiting consumers, councils and business.

## Strengths & Benefits of PRGS

- Together **we communicate** to retailers, wholesalers, the foods and drinks, packaging and hospitality industries, the licensed trade and **hundreds of thousands of consumers and employees daily**
- An excellent track record and **unparalleled experience** in designing and implementing recycling and litter reduction initiatives such as:
  - **Every Can Counts<sup>4</sup>**: encouraging the recycling of drinks cans in over 1,000 workplaces, colleges and universities in Scotland
  - **Metal Matters<sup>4</sup>**: deployed in 33 councils and communicated to over 2 million UK households with significant results including a 31% rise in recycling Aberdeenshire
  - **You can leave your cap on<sup>5</sup>**: an incentive to Scottish councils to boost recovery of valuable metal caps, including free awareness raising stickers for glass bring back banks, communications toolkit and advice and support
  - **ACE UK**: resources for councils including free of charge carbon related goodies for roadshows and events, communications support and template materials, Golden Carton Awards to incentivise councils to recycle and communicate the campaign – 25% of Scottish Councils in April 2014 used ACE UK's free-of-charge carton bring back banks boosting recycling
  - **Pledge4Plastics<sup>6</sup>**: engagement and toolkit campaign for industry and councils to recycle plastic materials, reaching over 191 million people
  - **Recycle for Your Community<sup>7</sup>**: community engagement scheme to harness peer-peer communications to share information, recycling pledges and influence behaviour significantly boosting recycling through around 1,000 household pledges
- An accepted responsibility to **increasing recycling awareness, rates and quality**
- Ongoing **innovation in packaging** that is more resource efficient and reduces waste
- Support for the **Zero Waste Taskforce's proposed Recycling Charter**
- **A commitment** to working in partnership to **reduce waste, improve recycling and tackle** littering and working constructively on the national litter strategy
- An approach which would help **tackle all litter** supported by the entire supply chain

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<sup>3</sup> A.G. Barr in Scotland, CCE in Norway and Sweden

<sup>4</sup> managed and part funded by Alupro

<sup>5</sup> by Alupro and British Glass Manufacturers Confederation

<sup>6</sup> By Recoup

<sup>7</sup> One of two consumer reaching programmes by Coca Cola Enterprises

## Why is a DRS not right for Scotland?

### The cost

A DRS would **instantly increase the cost of all drinks** – bottled water, soft drinks, alcohol, juice and possibly milk – by adding a 20p deposit on the shelf price. The proposed scope is wider than any DRS in Europe covering cans, bottles and cartons made of glass, metal and plastic.

ERM estimate a Scottish **DRS would cost consumers £155million** extra a year; £87 million in unredeemed deposits, or £36.50 per household and £68 million, £28.80 per household from loss of personal time<sup>2</sup>.

Additional costs to implement the system and protect it against fraud would also need covered.

- Unlike carrier bag charges, consumers can't opt out, **it is not avoidable**
- The 20p deposit would **hit the poorest the hardest** increasing the price of an average weekly shop
- Extra money to **set up the system and protect it from fraud** is likely to increase costs further
- Councils would lose the scrap value from returned containers with no reduction in collection costs putting pressure on services: Valpak estimate that with an 80% DRS rate **councils would lose £8.7 million**, based on current market value for the material
- Reverse Vending Machines would cost an estimated minimum of **£86.4 million** for retailers (excluding maintenance costs), around 2,700 machines would be needed at a cost of £32,000 each
- California spends \$30m (**£19m**) **per annum on fraudulent deposit claims**. The cost of preventing Scottish fraud (including labelling and security) could increase drinks prices and reduce choice

### Inconvenience

- Consumers would need to **clean and store empty containers** separately from waste and kerbside recycling – creating confusion
- Consumers would need to carry containers back to a shop to claim the deposit, which does not take into consideration the **growth in online shopping**
- Driving or walking to the nearest retailer, with an average 15 containers per time, would be difficult for the **elderly, those with mobility issues, young families** and those without transport
- They would then have to post them one-by-one into a reverse vending machine to claim a money off receipt for their shopping or queue in store for their money back
- Containers would need to be stored indoors at home and in some shops to **prevent theft and fraud**
- Retailers would need to **create space** for reverse vending machines reducing sales space – they would need to be careful how to store milk and juice containers for hygiene reasons

### Inefficiency

- Extra collections would be needed to empty vending machines or pick up empties from retailers on top of existing waste and recycling collections.
  - The Scottish Retail Consortium estimates that a DRS could mean an additional 6.5million road miles a year for Scottish retailers, equating to around 3700 additional tonnes of CO2 and enough to power 900 homes for a year.<sup>8</sup>
  - If 2 per cent of customers made special journeys to claim their deposits this would result in around 6000 tonnes of CO2 and enough to power 1475 homes for a year.<sup>9</sup>
- It would **divert attention** away from current recycling and improving existing systems
- It's likely to impact on current kerbside collections, a council estimated it could reduce the rate by 7% - 10% **making the achievement of national targets impossible**
- There is **poor trial evidence** in the feasibility study including the DRS at Heriot-Watt University which achieved 50% recovery, despite the proximity of the machines to the community it served
- a DRS would **target only a small amount of litter** and have no impact on littering behaviour
- **fraud prevention** would impact on more Stock Keeping Units on packing line efficiency, stockholding and distribution problems for retailers and the likely reduction in consumer choice

<sup>8</sup> SRC response to DRS call for evidence

<sup>9</sup> SRC response to DRS call for evidence

## Our concerns

A ComRes<sup>10</sup> survey showed that when asked which recycling initiatives Scots support most, only a quarter say a DRS while **half favour an improved local authority scheme**.

The information in the **DRS feasibility study has not been verified** and should not be used to inform policy. We are particularly concerned that the report did not:

- include a **cost-benefit analysis or consult** any retailers, councils wholesalers, waste management companies or consumers and consumer groups
- assess countries who have previously **rejected DRS** including the Czech Republic, France, Ireland, Poland, Spain, Switzerland
- **consider A.G. Barr's Scottish DRS** which only generates 54% returns for a 30p deposit and would cease operating after 31 December, with the company opting to invest in a modern bottling facility which would be better for the environment. The feasibility study claims a 85%-95% return rate for a 10-20p deposit would be possible.
- adequately **consider the direct costs** and the system's establishment costs
- outline the **problems faced by companies** that have previously tried RVMs including the lost retail space, low return rates, infestation by wasps, flies and rats, fraud and ongoing maintenance costs
- examine the **challenge of finding storage space** in shops, and possibly bars, for empty containers
- provide **hard evidence** that a DRS would reduce litter and increase recycling rates. Return rates are assumed without any factual basis and ignore the rates achieved internationally
- ask the **Scottish public sufficient questions**, based on the facts, to adequately gauge opinion

## PRGS:

- was launched in October 2013 and has 34 members including:



**For more information contact:** our communications company Pagoda PR: Lynne Veitch or Callum Chomczuk on 0131 556 0770 or email [PRGS@pagodapr.com](mailto:PRGS@pagodapr.com) or [www.prgs.org.uk](http://www.prgs.org.uk)

<sup>10</sup> ComRes survey for PRGS member CCE December 2013