

## Deposit returns – the cost to Scottish consumers

PRGS does not support proposals for a Scottish deposit return system (DRS) as it will be more costly for consumers, less convenient, address only a small proportion of litter and is likely to undermine the success of current kerbside recycling which people are using in increasing numbers.

Rather than encouraging reuse, it is an alternative recycling collection method which means people must walk past their recycling bins to return all drinks containers to shops.

Leading environmental consultancy Environmental Resources Management Limited (ERM)<sup>1</sup> examined the potential implications of introducing deposit return systems for beverage containers and concluded it would **cost Scottish consumers an extra £155m per year, or £65.30 per household.**

For consumers A DRS would:

1. **Create an unavoidable tax:** Unlike carrier bag charges, where costs are avoidable, consumers can't opt out and will need to pay an extra 20p on all drinks, hitting people on low incomes the hardest.
2. **Increase weekly shopping bills:** consumers would need to pay an extra £1.40 per week for a daily bottle of milk, £1.20 on a six pack of beer and almost double the cost of a 30 can multipack of soft drinks, which they could lose if they don't return the empty for a refund.
3. **Create an obstacle to recycling:** especially for older people and those with mobility problems who would find it difficult or almost impossible to return containers to shops instead of putting it in kerbside recycling.
4. **Create additional costs:** The cost of drinks could increase by even more than the 20p deposit to cover the system set up costs and protect it from fraud.
5. **Potentially lose money:** Unredeemed deposits are estimated by ERM at £87m per year or £36.50 per household
6. **Put pressure on council costs:** councils will lose the scrap value from returned bottles and cans, but still need to make existing kerbside and waste bin collections. Valpak estimate that if an 80% recycling rate was achieved by collecting containers through the proposed DRS local authorities would lose an estimated £8.7 million, based on current market value for the material. This could potentially result in other council service cuts.

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<sup>1</sup> An Evaluation of the Financial and Environmental Impact of changes to Recycling Systems in Scotland: including a Deposit Return Scheme" by ERM commissioned by Coca-Cola Enterprises, Feb 2013 - The report, it's modelling and assumptions were peer reviewed by an independent environmental expert.

7. **Reduce drink choices:** All drinks will need different labelling for Scottish products to avoid cans purchased outside of Scotland being returned for a refund, which is likely to decrease the range of products available in Scotland.
8. **Cost retailers:** Approx 2,700 reverse vending machines will be needed, each costing around £32,000 – total £86.4 million. If machines are full or breakdown, consumers will lose their deposits. And shops will need to create space to install machines or store empties, which could reduce sales space for other product ranges.
9. **Impact local high streets:** consumers are likely to move away from shopping at local convenience stores to larger retailers where fewer deposit queues are typically experienced.
10. **Create inconvenience and cost time:** consumers will need to store containers, walk past their recycling bins at the front door or on the street, and return their empties when they have time. Deposits need to be claimed by posting them one-by-one into a reverse vending machine for a money off receipt or by queuing at a shop.

ERM calculate the money equivalent of this cost, using a typical value of time formula, at £68m per year or £28.80 per household.

PRGS includes over 30 leading food and drink company and industry organisations. To find out more information and to read its proposals to help promote recycling, tackle litter and reduce waste visit [www.prgs.org.uk](http://www.prgs.org.uk)