



INCPEN response to ZWS call for evidence on feasibility of a Deposit Return System

INCPEN - The Industry Council for research on Packaging and the Environment is a research organisation set up in 1974 to bring together *companies from across the supply chain to promote responsible packaging for resource-efficient supply chains. Members are manufacturers and retailers who operate globally.

Manufacturers and retailers understand the demands on packaging and the functions it has to perform in the supply chain. Together, therefore, they are well placed to propose ways to improve resource efficiency. INCPEN is the only organization on packaging and the environment whose members span the complete supply chain.

We share the Scottish Government's ambitions to prevent and clean up litter, and to increase the amount and quality of materials recycled.

We support the partnership offer - a Packaging Resource Commitment Scotland - presented by the Packaging Recycling Group Scotland to the Scottish Government in April 2014.

We also share the views in its paper submitted recently in response to the call for evidence on a deposits return system, including the point that the feasibility study, *A Scottish Refund System*, is of limited use because:

- It did not consult any local authorities, retailers or waste management companies.
- It failed to consider A.G. Barr's refillable bottle deposit return system, DRS that still operates in Scotland today. Current return rate is 54% with a 30p refundable deposit. In contrast and with no supporting evidence, the feasibility study predicts return rates of 85-95% with a 10p-20p deposit.

We strongly advise that any decisions on this issue should first be discussed with relevant stakeholders so that unintended consequences can be avoided.

The DRS report refers to deposit systems that operate in other countries. We would like to provide additional evidence which we believe demonstrates that experience in other countries needs to be assessed in the context of the specific circumstances in that country. It is not a good indication of what might happen in another country.

There are three reasons why a deposit has been applied by law to drinks containers in some regions or countries. These are: -

- as an anti-litter measure to encourage consumers (or someone else) to return a container to collect the deposit, rather than littering it

- to encourage the use of refillable containers in the mistaken belief that refillable systems are environmentally preferable.
- To encourage the return of containers for recycling.

USA

Mandatory deposits on non-refillable containers operate in 11 US states out of 50. Except for Hawaii, which introduced deposits in 2002, all the laws were introduced in the late 1970s or early 1980s, when refillable drinks container systems still operated.

The aim of the laws was mainly to reduce litter but also to bias the market in favour of the refillable glass bottle.

The impact of deposits on litter was not as significant as had been hoped. In 1978/79 Dan Syrek of the Institute of Applied Research conducted a series of "before and after" studies in states that introduced deposits and concluded that while drinks container litter declined, the changes in total litter were not statistically significant.

Work by Syrek in 2003 showed that deposits are by far the most expensive way of attempting to reduce litter.

Perversely, a deposit can contribute to the litter problem. There have been reports of people scavenging in litter bins to obtain deposit containers, removing other items and leaving other them on the ground.

The deposit did not protect refillables. Retailers found it easier to put cans and plastic bottles in a sack for recycling rather than place glass bottles carefully in stacked crates, which took up much more space. The deposit therefore accelerated the disappearance of refillable glass bottles from the market.

SCANDINAVIA

Sweden and the other Nordic countries introduced a mandatory deposit system when non-refillable drinks containers first came on the market and refill systems still operated.

As a result, consumers were accustomed to returning empties in-store and the infrastructure for deposits refund was still in place. The deposit did not protect refillables. In Sweden, use of refillables for beer, soft drinks and water fell from 31% of the market in 2005 to 14% in 2008 and is lower today.

The Swedish deposit system is often held up as an effective model. However there are key factors that are not replicated elsewhere, particularly not in the UK. When non-refillable containers were introduced, Sweden had no kerbside recycling. Even today only 30% of the population has a kerbside service.

Sweden's structure of production and distribution is unique.

Soft drinks and waters are produced by the brewers, the grocery retail sector is highly concentrated with few independent grocery stores, and there is a state monopoly on the sale of alcoholic drinks.

Supply chains are therefore comparatively simple and there is no need to transfer the deposit, with all its associated administration costs, through a number of sectors.

It is also worth noting that a number of European countries with no deposit achieve higher recycling rates for metal and plastics packaging than the Nordic deposit countries.

Deposits and the UK

1. Deposits are not an efficient way for Scotland or anywhere in the UK to achieve higher recycling rates

The UK has established recycling systems to handle all packaging waste. Over 60% of all packaging is recycled.

It is far from certain that deposits would generate high return rates. For many years, The Body Shop offered its customers a 10% price reduction if they returned containers to the shop for refilling. It discontinued this in 2002 because only 2% of its customers used the service.

There is a nostalgic image of children earning extra pocket money by returning empty bottles for the deposit. A deposit – even at a high rate of 20p - would represent a small proportion of the average child's pocket money today. And the best facilities for returning empty containers would be at large out-of-town supermarkets with car parks, which are inaccessible to unaccompanied children.

It is not feasible to expect people to queue up to reclaim a deposit on every item of recyclable packaging used in the home.

Deposits undermine the economics of collecting other materials from the household, since without the critical mass offered by valuable drinks containers, the cost per tonne collected is much higher.

Imposing deposit systems on top of existing recycling schemes increases the number of lorries on the roads, with their associated pollution. Deposit containers have to be transported from special collection centres (usually retailers) to recycling companies, when there are already lorries transporting other recyclables from council collections to sorting centres and then to reprocessing companies.

The way to increase recycling rates is to encourage more people to support their local council's recycling schemes.

2. Deposits do not cure littering

The drinks containers likely to be subject to a deposit represent only a small proportion of total litter – less than 7% in England and 4.3% in Scotland in 2014. Source: KBT and KSB reports on Litter Composition.

A deposit will not prevent drinks containers being littered and will do absolutely nothing to prevent the littering of other items. Indeed, putting a reward on certain items may send the message that it is acceptable to litter everything else. And it would be impossible to impose a deposit on every item that might be littered.

The solution to littering is public education, law enforcement and regular cleaning up.

3. Deposit systems are expensive

A group advising the UK government concluded that a deposit system could cost between £1billion and £7billion to establish, depending on how the system was set up. The drinks containers handled by such a system are roughly 10% of all packaging waste.

In Germany, in 2003 when the deposit system was introduced alongside an existing refill system, the initial investment was 726 million euros, mostly for the purchase of reverse vending machines to refund deposits automatically. Annual operating costs were 800 million euros. The cost per container was three times as much as the kerbside collection.

INCPEN recommends that the Scottish government should accept the offer of working in partnership with PRGS to strengthen the existing systems.