Return To Spender

With several European countries moving forward with deposit-return schemes to complement their existing collection models, CM Consulting's **Clarissa Morawski** looks at how interest has peaked over the world…

Since one-way beverages were introduced to the market, there has been much debate – both in the beverage industry, and among politicians and the public – over the best way to collect non-refillable beverage containers for recycling. The last year has seen unprecedented interest in deposit-return, with several European countries moving forward with these systems to complement their existing collection models.

There are several catalysts for this renewed interest, one of which is the growing scale and recognition of the marine litter crisis. According to the UK-based Marine Conservation Society, the number of beverage containers found on beaches rose significantly between 2014 and 2015 – plastic drinks bottles on shorelines increased by over 43 percent and metal cans by almost 29 percent.[1] A quick Google search is all it takes to see the negative effects this has had on marine life. There are thousands of images of containers choking pristine waterways and inside the stomachs of young birds – each photo a sad illustration of society's inability to deal with its own waste.

Another catalyst for the renewed interest in deposit-return programmes has been the recognition among some producers that consumption of beverages away-from-home is increasing and that greater effort is required to recover these containers. Meeting high recycling targets is a key issue for producers and, unfortunately, the "green dot" style systems currently in place are proving less than effective. Collection rates have stagnated and increased levels of contamination are resulting in even lower recycling rates.

The most recent country to introduce mandatory deposits on single-use beverage containers was Lithuania, a relatively small country in the northern part of Europe. Launched by the beverage industry in February 2016, this new system applies a €0.10 deposit to nearly all beverages, and is 100 percent beverage industry-operated. Besides seeing the system as a way to boost low collection rates, the beer and water sectors saw deposits as an alternative to paying extended producer responsibility (EPR) fees, which were being used to finance a low performing system.

The Valencian (in Spain) government has also made deposit-return a priority. Like most regions in Spain, Valencia has a huge litter problem – according to the region's Regional Secretary for the Environment and Climate Change, 5m single-use beverage containers are landfilled or littered in Valencia each day, leaving municipalities with a bill of €40m each year (not including the social and environmental costs).

Valencia also has very low recycling rates (around 30 percent) from the industry-financed green dot program. In an attempt to address these issues, the Valencian government has announced that it will introduce a refundable deposit of €0.10 on the purchase of all water, beer, soda and juice containers by the end of 2018.

Could deposit-return schemes help prevent the growing build-up of beverage containers on our beaches and in our waterways?

North of Valencia is the Catalonia region, with a population of 7.5m. Following a three-month pilot project in the town of Cadaques in 2013, which achieved a 91 percent return rate, Catalonia is also moving ahead with its plan to design a modern deposit system. The pilot test had the support of several companies and organisations from the recycling industry, as well as small and medium retailers that view deposits as a way to earn additional revenue from handing fees. Recyclers from Spain, as well as some distributors, have also endorsed the new system.

On the opposite side of the world, Australia offers yet another example of the renewed support of container deposit schemes. Despite strong industry opposition, the Premier of New South Wales (NSW) – Australia's most populated state, with 7.5m residents – recently announced details of a NSW deposit-return scheme to commence in July 2017.

The programme, which will charge consumers a 10 cent refundable deposit, is expected to double the state's beverage container recycling rate to roughly 80 percent.[2] Most recently, on July 22, the government of Queensland (population 4.8 million) announced that it will join NSW and introduce a deposit return program in 2018. Queensland is the closest state to the Great Barrier Reef and has the highest litter incidence in Australia, and the most littered item by volume is beverage containers. On 17 August the government of Western Australia announced the introduction of a deposit return program for 2018.

In Canada, the province of Quebec is on the verge of broadening its existing deposit system to include water bottles, as well as glass wine and spirit containers, which have become extremely problematic for recycling processors.

Closer To Home

MANDATORY DRINK deposits are also being considered in the UK to reduce litter and increase recycling rates. In 2009, the Scottish Government passed the Climate Change Act, which includes provision for a national deposit-return system, under which Scots would pay a small refundable deposit on beverage bottles and cans. Although this hasn't been introduced yet, the Scottish government is seriously considering it, and three of the five political parties (Scottish National Party, Liberal Democrats and Greens) made explicit reference to supporting deposit-return in their manifestos ahead of this year's May elections.[3]

Similar support is evident in Wales, where three out of the six main political parties (Plaid Cymru, Welsh Conservatives and Welsh Liberal Democrats) made manifesto commitments to introduce deposit-return – an encouraging sign that the public support is there.

Despite this support, plans to introduce a deposit-return programme have faced heavy criticism from the packaging producers and major beverage brands.[4] Perhaps the most pervasive argument put forward by opponents is that deposit-return systems divert valuable recyclates away from the municipal recycling stream, depriving local authorities of a source of revenue and reducing the cost-effectiveness of existing kerbside programmes.

But I believe that this argument is false and misleading, and blatantly overlooks the savings resulting from reduced or avoided costs of collection, treatment and disposal by the municipal waste management system.

Last month, CM Consulting and Reloop released research that summarised the findings of 20 studies that examined the cost impact on municipalities of introducing or expanding a deposit-return system. All 20 studies – each one different in terms of scope, location, author and year of publication – tell the same story: container deposit systems result in net savings in the vast majority of cases for municipalities, even after accounting for decreased material revenues (the exception may be aluminium cans).

In Scotland alone, research commissioned by the Scottish Government calculated that deposit-return would result in annual net savings of £13m for its 32 local authorities.[5] While it could be argued that these savings will not be realised with existing collection contracts (where collection frequency is fixed), certainly for longer-term budgeting collecting fewer beverage containers means reduced collection volumes, which means collection trucks are able to cover more households.

Those opposing the implementation of deposit-return in the UK also point to the recent decision of AG Barr to end its deposit scheme for refillable glass bottles as proof of the system's ineffectiveness. Its failure should not be a surprise, however, and frankly it is amazing that it lasted so long.

Public awareness about a single deposit-return system for a single brand of beverages (among hundreds) will always be very low when the other brands do not carry a deposit and only a few sellers refund the deposit. Deposit-return can only be successful if the deposit is placed on the vast majority of beverage containers (refillable or single-use) and they are easily returnable. The wider the scope of the programme, the more people will be aware of the system.

To provide a simple example, when the province of Ontario, Canada, expanded its deposit program from only beer to include all other alcohol, like wine and spirits, the return rates on the already deposit-bearing aluminium beer cans jumped 13 percentage points (from 69 percent pre-expansion in 2006 to 82 percent) in only a couple of years. The rise in collection was a direct result of greater awareness as more containers became part of the program and more people participated in returns.

In short, the AG Barr experience is convenient for the beverage industry to use, but a closer look shows that it was likely a program that could not survive alone in any jurisdiction without deposits on other similar beverages.

From Canada to Australia, and across Europe, global momentum for deposit-return continues to grow because it works efficiently. With the recent release of the European Commission's Circular Economy Package, packaging producers in Europe are facing rising pressure to not only manage their waste properly, but to pay for all of it. Not only will producers be responsible for 100 percent of the costs of managing their waste, but they will also have to account for contamination in those new recycling targets. Deposit systems offer a logical solution for the beverage sector and cash-strapped municipalities. ■

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