

CONTAINER RETURN

A Hybrid Return System for New Zealand's Container Return Scheme (CRS)

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SUMMARY

In a beverage container return scheme (CRS), the 'return system' is the network of infrastructure and logistics that ensures empty bottles, cans and cartons get where they need to be, and that consumers' deposits are redeemed. A **hybrid return system** would be the optimal approach for New Zealand

The hybrid return system combines the return-to-retail model (e.g. Reverse Vending Machines [RVMs] at supermarkets) with a nationwide network of depots, enabling us to take the best from both worlds. A hybrid approach ticks multiple boxes by:

- increasing consumer convenience
- boosting community wellbeing and resilience
- creating the nationwide infrastructure needed for a low-waste future.

WHAT ARE THE RETURN SYSTEM OPTIONS?

Different countries set up the return system in different ways. Some countries use a 'return-to-retail' model where reverse vending machines (RVMs) in supermarkets accept empty containers in exchange for the deposit (in cash or supermarket vouchers). Other countries use a 'depot' model, in which community groups and entrepreneurs set up depots around town where the public can drop-off beverage containers and redeem their deposits. A hybrid system incorporates both of these return options.

CONVENIENT RETURN NETWORKS ARE KEY TO A SUCCESSFUL CRS

To achieve a target return rate of 85% or higher, the return system must be convenient. Everyone should be within a reasonable distance of a return point. The government should determine what the minimum number of container return points is, how these should be distributed across the country, and use these calculations to create a compulsory minimum convenience standard within the CRS. ([Snow](#), p8).



OPERATING A RETURN POINT MAKES MONEY

In a CRS, anyone running a container return point (whether an RVM or a depot) receives a small payment for each beverage container their return point takes. This payment is called the **handling fee** and is typically a few cents per container. ([Snow](#), p8) The handling fee makes the mahi (work) of collecting empty containers for recycling or reuse economic. (Reloop, [Handling Fees](#)).

HOW DOES RETURN-TO-RETAIL WORK?

Return-to-retail can be mandatory or voluntary. A mandatory system would require all retailers above a certain size to act as a drop-off point for beverage containers. Overseas, this approach has been shown to create the most convenient return network (Reloop, [System Performance](#)), while ensuring that customers can return empty containers to the original place of purchase on their regular shopping trips. (Snow, p7). However, even under a voluntary return-to-retail system, most major supermarkets will be incentivised to act as a return point because it channels foot traffic to their store rather than to a competitor.

Return-to-retail in supermarkets usually involves Reverse Vending Machines (RVM) by the front door of the supermarket or in the car park. Smaller retailers who act as return points would be more likely to process returns and redeem deposits over the counter.

Creating obligations for retailers to takeback containers also means that consumers who get their groceries delivered can have containers taken back when their new groceries are delivered, and have deposits redeemed electronically.

HOW DOES THE DEPOT MODEL WORK?

Depots can be set up by anyone, though depots will need to register with the scheme manager. Some depots invest in RVMs, others rely on people to take and sort containers from the public and redeem their deposits.

Existing resource recovery centres and transfer stations will likely become container return points. Other community groups may like to set up depots because the handling fee is a reliable funding stream. Depots offer an opportunity to create local green jobs, and for the revenue from a CRS to stay in the local economy.

WHAT ABOUT HOSPITALITY?

Hospitality outlets use lots of beverage containers that never leave their premises because the beverages are consumed on-site. Patrons don't pay a deposit for the drinks they order because they aren't taking them away. Instead, the deposit the outlet originally paid when purchasing the drinks for their establishment is redeemed when the empty containers are picked up by a CRS collection service (For example, [the Scottish approach](#)). This collection system for hospitality operates alongside container return points like RVMs and depots.

WHY IS A HYBRID SYSTEM THE BEST?

A hybrid return system makes the most of the money flows in a CRS to boost community resilience and to create the nationwide infrastructure needed for a low-waste future. The handling fee would reimburse retailers for the inconvenience of having to take back containers, which is an additional activity in their existing workflow, but needed to ensure network convenience. Conversely, the handling fee would empower community groups and charitable organisations to make money from running return points. The payment also creates a reliable revenue stream for existing resource recovery centres and transfer stations that enables them to offer a wider range of recycling and reuse services for more products and materials.

RVMs in supermarkets are handy, but they don't have much potential to expand into anything more. Many potential depot locations, like the existing sites of Zero Waste Network members, have the space, staff and know-how to become one-stop zero waste hubs where people could drop off empty beverage containers, and also other recyclables that can't go in household recycling - like old electronics, toothpaste tubes, clothing, or products covered by future product stewardship schemes. (Snow, pp.7-8). This hub could also be a place to find out more about low-waste living, participate in repair events and more. A coordinated network of zero waste hubs made possible by a CRS hybrid return system would:

- create green jobs for local communities, including in rural and isolated areas
- deliver localised zero waste behaviour change and education, resulting in a step-change in how New Zealanders approach to waste
- enable "one stop shops" for product stewardship schemes, providing convenience as well as developing

FOR MORE INFORMATION

References used in this document can be found in these sources:

Reloop (2021) [Deposit Return Systems Factsheet - Handling Fees in Deposit Return Systems](#)

Reloop (2021) [Deposit Return Systems Factsheet - System Performance](#)

Warren Snow (2021) [Happy Returns Version 2: An Optimum Model for New Zealand's Container Recycling Scheme \(CRS\)](#) (Entrust Foundation)