

# Environmental Tools:

## Deposit-Refund Systems

### **What are deposit-refund systems?**

Deposit-refund systems require a monetary payment of a surcharge (a deposit) on a product or packaging at the time of purchase. The deposit is refunded on the return of the item to the point of sale or depot centre at the end of its use. Deposit-refund systems are used to prevent illegal or improper disposal of recyclable or reusable products. The fees are partly used to subsidize the administrative costs associated with the return, recycling and reuse of the products. Deposit-refund systems also require take-back legislation that mandate consumer payment, dictate who is responsible for retailer collection and refund payment of the deposit.

Deposit-refund systems represent an incentive-based process that influences the behavior of individuals and organizations rather than mandating behavior through legislation.

### **Where are they used?**

Deposit-refund systems are best suited to products (discrete, solid commodities) that can be recycled or reused, where disposal is difficult to monitor. The most frequent applications (including [Alberta's deposit-refund system](#)) include beverage containers (aluminum, glass, plastic), pesticide containers, car bodies, tires and lead acid batteries. Deposit schemes can be voluntary and implemented by industry, where the returned item has economic value (e.g. deposits for lead acid batteries range from \$5 to \$10). However, most deposit-refund systems are legislated and implemented by government agencies. Mandated schemes for beverage containers are most common, with deposits ranging from \$.05 to \$.20.

### **Tool Performance:**

#### **Pros**

- Achieve intended environmental goals – reducing littering problems and diverting solid wastes from disposal at landfills.
- Achieve higher return rates than curb-side recycling programs and programs involving only collecting product user fees and charges.
- The introduction of new technologies to improve collection and sorting of beverage containers is a strategy in Alberta's Beverage Container Management Board's business plan, and is actively pursued by the beverage industry.

#### **Cons**

- Based on the experience in some jurisdictions, administrative and transaction costs on the sale of individual products, and additional costs to consumers, tend to be high.

### **Special Considerations:**

A recycling fee on top of the deposit may be necessary to cover the full costs of recycling.