



Fact Sheet

Handling fees in deposit return systems: Why they matter and how they work

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Why they matter and how they work

A well-designed collection network is essential to the success of deposit return systems (DRS), and handling fees are a key mechanism used to ensure that retailers and redemption centres are properly compensated for their role in collecting and managing empty beverage containers. In best-practice systems, these fees are cost-based and regularly reviewed to ensure they cover actual participation costs while supporting an accessible and efficient return network. This fact sheet explains what handling fees are, how they are structured across jurisdictions, and the key design principles behind effective compensation models.

Introduction

A convenient, accessible, and well-functioning return network is one of the most important drivers of high return rates in deposit return systems (DRS). Retailers and redemption centres play a central role in delivering this service, providing the physical infrastructure that allows consumers to return empty beverage containers easily and reliably. While retail-based collection is generally considered the most convenient model, many jurisdictions have adopted a hybrid approach that includes standalone redemption centres. This ensures not only broad geographic coverage, but also accommodates all types of redeemers, including those making bulk returns, by providing facilities better equipped to handle large volumes efficiently.

In both models, collection points are typically compensated through a handling fee paid by the system operator, producer responsibility organisation (PRO), or in some cases directly by beverage producers or distributors. In government-run systems, such as California, handling fees may be administered by the state. Alongside an

effective deposit level, these fees are a critical component of what makes deposit systems work, particularly where retailers are legally required to participate.

The design and level of handling fees is often one of the most debated elements when introducing or reforming a DRS. This is because they directly determine whether retailers and redemption centres can absorb the operational impacts of participating in the system, and whether participation remains economically viable over time. Handling fees are intended to cover the real and ongoing costs of participation, including labour associated with manual handling, capital and operating costs for reverse vending machines (RVMs), and broader overheads such as storage space, utilities, and site maintenance. In some jurisdictions, including countries such as Finland, Norway, and Ireland, additional financial support is also provided to collection points operating RVMs in the form of grants, fixed payments, or targeted investment support, reflecting the higher upfront costs and strategic importance of automated collection infrastructure.

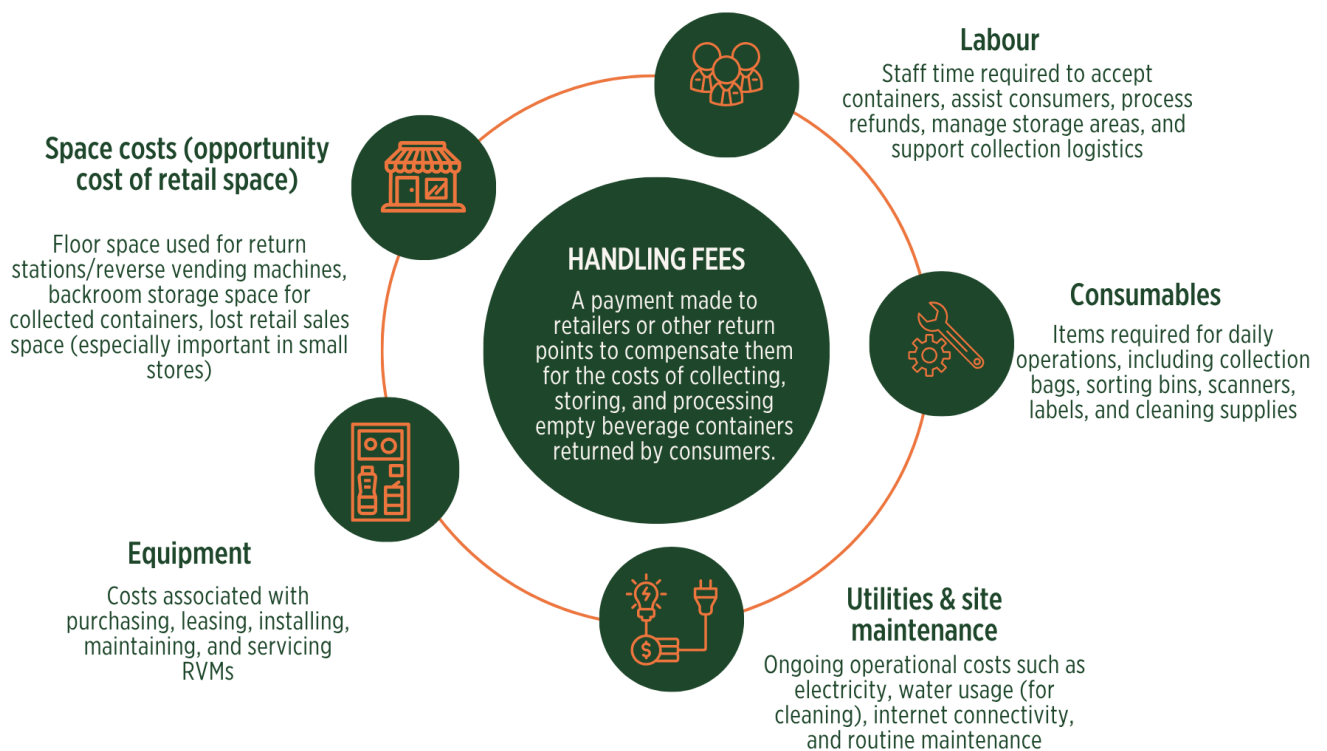


Figure 1

If handling fees are not set at appropriate levels, the risk is not only a reduced number of collection points, but also broader system underperformance. Inadequate compensation can ultimately undermine convenient access for consumers, weakening the ability of the system to achieve high return rates and deliver its intended environmental outcomes.

What happens when handling fees are too low?

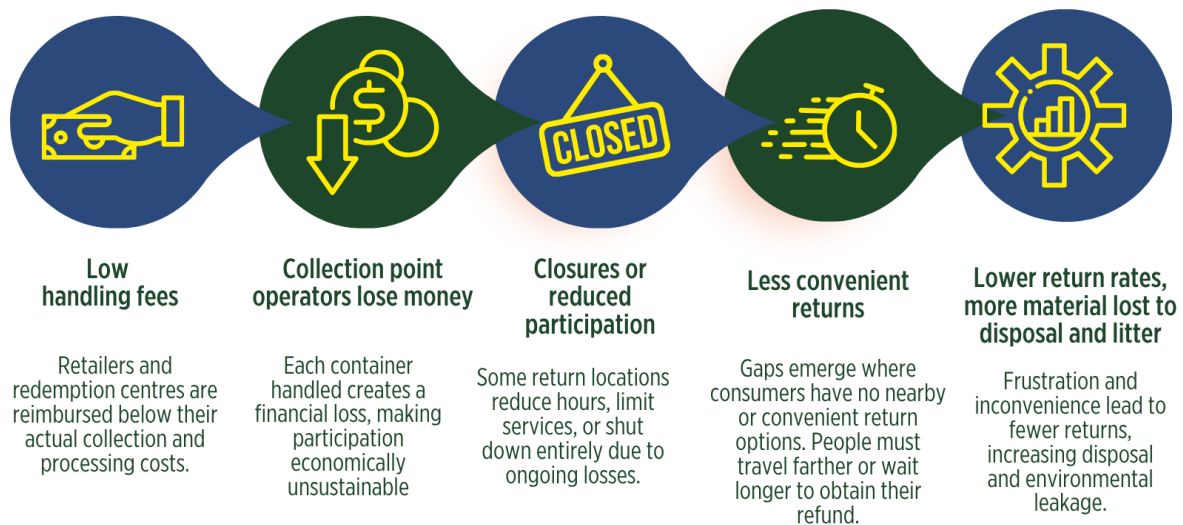


Figure 2

What is a redemption desert?

When handling fees fail to keep pace with operating costs, collection points can no longer stay financially viable. As return points close or reduce hours of operation, entire communities can lose convenient access to container returns, creating what some have called “redemption deserts.”

New York provides a clear example. More than 200 redemption centres have reportedly closed in recent years, with operators pointing to inadequate handling fees as a major factor. Although New York’s handling fee, 3.5 cents per container, is among the highest in the United States, it has remained unchanged since 2009 and no longer reflects rising operating costs.

William Crecenzo, owner of the redemption centre *Just Make Cents*, explained that “all of our operating expenses, [including] rents, utilities, [and] payroll, have increased a lot more than our handling fee.”

As redemption centres disappear, consumers are forced to travel farther or face longer wait times to return containers, reducing convenience and weakening system performance. In response, New York’s proposed “Better Bottle Bill” would increase the handling fee to 5-cents per container, rising to 6.5-cents in 2031, in an effort to stabilise and modernise the system.

What factors influence handling fees?

In deposit return systems, handling fees are typically established by the central system administrator (CSA) or equivalent governing body to reflect the actual costs of operating the collection network while maintaining an efficient and accessible return system for consumers. These fees are generally designed to compensate collection points for the direct costs associated with accepting, sorting, storing, and preparing returned beverage containers for collection and transport.

In a best practice DRS, handling fees are usually determined using a bottom-up, cost-recovery approach that reflects the underlying operational costs incurred by collection points. This approach aims to ensure that participation in the system remains financially viable while supporting a convenient and comprehensive return network for consumers.

Because handling fees are often one of the largest cost components within a DRS, they are typically subject to detailed analysis and negotiation among system administrators, retailers, redemption centres, and other stakeholders. Fee levels must strike a balance between adequately compensating collection points and maintaining overall system cost efficiency.

It is considered best practice that handling fees vary depending on the method of collection. Manual return systems generally require higher labour inputs and storage capacity, while automated systems using reverse vending machines (RVMs) involve greater capital investment, maintenance, and servicing costs. Fees may also differ by container material, as glass, plastic, and aluminium containers each impose different handling, storage, and transport requirements.

Handling fees may also vary depending on the type of collection point. Retailers often operate with limited backroom space and integrate returns into existing operations, while dedicated redemption centres (depots) typically manage significantly higher return volumes and incur greater fixed operating costs.

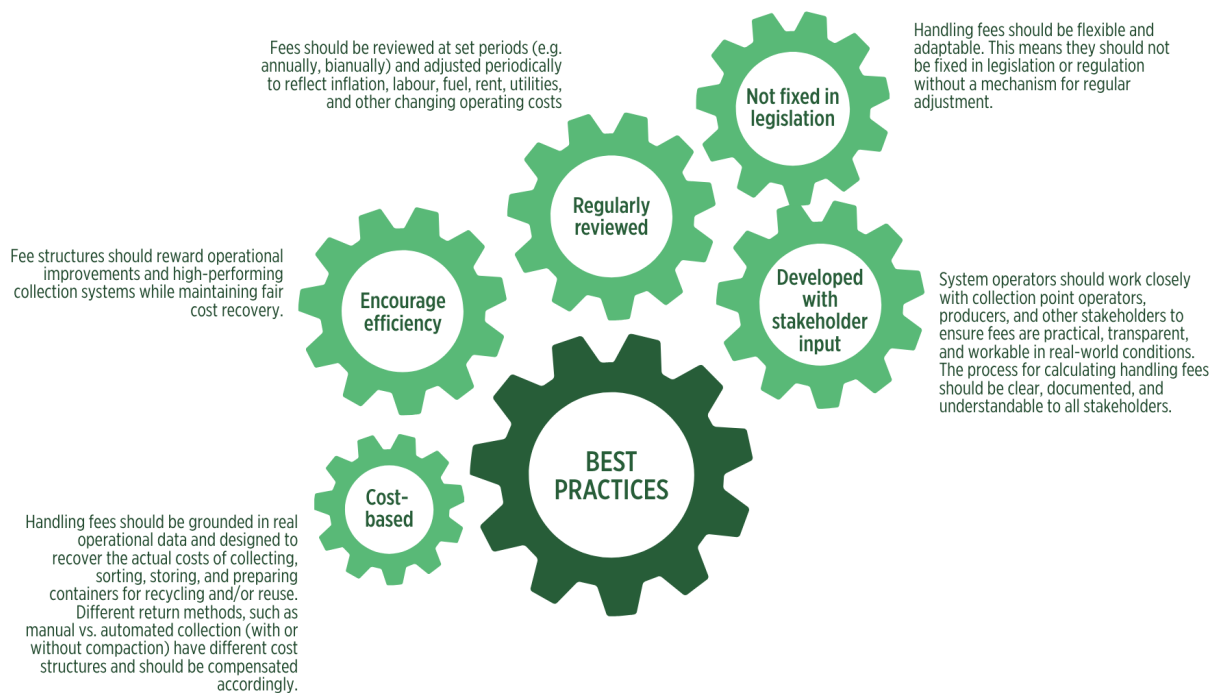


Figure 3 Best practice principles for setting handling fees

Handling fee eligibility may also vary across sectors and jurisdictions. In some systems, hospitality sector participants (HORECA) receive handling fees for collecting and returning beverage containers, while in others they are not compensated because container handling is considered part of their normal business operations.

Key factors that influence handling fees include:

- **Space requirements:** based on rental costs and the physical footprint needed for reverse vending machines (RVMs) and container storage
- **Labour costs:** time required for accepting returns, processing refunds, handling containers, and maintaining equipment
- **Collection method:** manual systems typically require more labour and storage at the collection point and can also increase downstream operator costs, as containers must later be identified, counted, and sorted, and are transported largely uncompacted (reducing logistics efficiency). In contrast, RVM systems enable automated identification, counting, and compaction, reducing post-collection handling and transport costs for system operators
- **RVM investment and operating costs:** including purchase, installation, maintenance, and servicing (where applicable)
- **Consumables and utilities:** such as bags, bins, electricity, water, and site maintenance
- **Container type:** different materials (e.g. glass, plastic, aluminium) affect handling, storage, and transport requirements
- **System design choices:** including commingling arrangements, which can reduce operational complexity and improve throughput

- **Collection point type:** redemption centres (depots) generally require higher compensation than retailers due to higher fixed operating costs
- **Commingling agreements (relevant in the United States):** where applicable, these can influence collection, sorting, and transport requirements, affecting overall operational efficiency and costs

In a bottom-up approach, these elements are quantified using assumptions about local wage rates, rental costs per square metre, expected return volumes, and equipment costs. This allows handling fees to be aligned with actual participation costs rather than being set as fixed or arbitrary rates.

Figure 2 presents a summary of the key cost drivers associated with three collection methods: manual collection, automated collection using non-compacting reverse vending machines (RVMs), and automated collection using compacting RVMs.

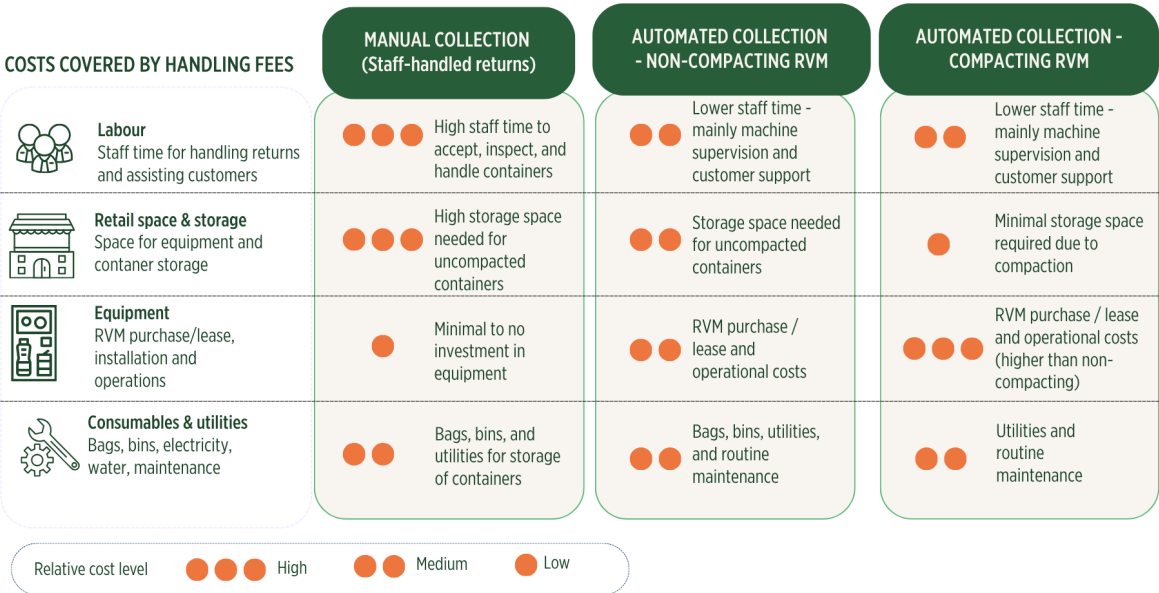


Figure 4

Variations in handling fee approaches across jurisdictions

As explained in the previous section, best-practice approaches to handling fee setting are generally based on bottom-up cost modelling and cost-recovery principles, with fees designed to reflect the actual operational costs incurred by collection points. In practice, however, approaches to handling fee design vary significantly across jurisdictions.

In many high-performing European deposit return systems, handling fees are typically variable and differentiated according to the actual costs associated with different collection methods, container types, and operational models. Fees are commonly adjusted depending on whether containers are collected manually or through reverse vending machines (RVMs), according to material type, whether containers are compacted, and in some cases throughput volume. These systems generally rely on regular fee reviews carried out by the central system administrator (CSA) in consultation with retailers and other stakeholders, allowing compensation levels to evolve alongside changing operational costs and inflationary pressures.

Case study: Republic of Ireland

The Republic of Ireland launched its DRS in February 2024, covering plastic and metal beverage containers. Handling fees are set at different rates depending on whether containers are returned manually or through reverse vending machines (RVMs):

- **Manual collection:** €0.026 per container (~USD\$0.029)
- **RVM collection:** €0.022 per container (~USD\$0.024)

This differential reflects the lower handling cost associated with automated return infrastructure compared to manual processing.

To support retailer investment in RVM-based collection, Ireland also includes a targeted RVM grant programme. Eligibility is based on operational scale and service provision, including retailers operating machines processing fewer than 250,000 containers per year, retailers receiving under €1 million annually in handling fees, and machines maintaining at least 80% consumer availability.

For smaller-volume RVM sites ($\leq 250,000$ containers/year), support is structured as a three-year grant:

- **Base grant (80–85% RVM availability):** €3,000 (Year 1), €2,000 (Year 2), €1,000 (Year 3), totalling €6,000
- **Top-up grant ($\geq 85\%$ RVM availability):** €1,000 (Year 1), €2,000 (Year 2), €3,000 (Year 3), up to €12,000 over three years

Additional targeted support is available for mid-sized sites (250,000–500,000 containers/year) with high RVM availability ($>85\%$), at €2,000 per site per year for 2026–2027, backdated to machine installation.

Case study: Sweden

Sweden's DRS is unique in Europe in that retailers are not legally required to act as return points, yet participation is high. In 2025, there were 3,209 registered retail collection sites, including 3,139 locations operating reverse vending machines (RVMs), with a total of 4,301 machines nationwide.

Sweden's handling fee system is highly differentiated and performance-based, designed to reflect the full operational costs of collection, including labour, customer service, infrastructure use, RVM servicing, and material handling. Fees vary by container type and collection method, with higher compensation for automated RVM-based systems. The fees for 2026 are as follows:

- **RVM with compaction – collection via compactor truck (loose material):**
 - PET ≤ 1L: 0.284 SEK (≈ €0.026 / USD \$0.030)
 - PET > 1L: 0.444 SEK (≈ €0.041 / USD \$0.047)
 - Metal can: 0.204 SEK (≈ €0.019 / USD \$0.022)
- **RVM with compaction – collection via wholesaler (boxes/bags):**
 - PET ≤ 1L: 0.350 SEK (≈ €0.032 / USD \$0.037)
 - PET > 1L: 0.598 SEK (≈ €0.048 / USD \$0.064)
 - Metal can: 0.228 SEK (≈ €0.018 / USD \$0.024)
- **Manual collection (bags):**
 - All container types: 0 SEK

In addition to per-container payments, Sweden also provides fixed infrastructure support for compacting RVMs:

- SEK 25,000 (≈ €2,298 / USD \$0.053) annually for the first 7 years of operation
- SEK 15,000 (≈ €1,379 / USD \$0.053) annually from year 8 onward (excluding VAT)

In 2025, a revised compensation methodology increased overall retailer compensation by approximately 7%, driven largely by a rising share of aluminium cans, which now account for over 70% of returns. Handling fees are recalibrated annually each December using cost indices from Statistics Sweden and projected return volumes. Overall, Sweden's model closely links compensation to actual system costs, with strong differentiation by container type, collection logistics, and technology, alongside annual indexation to maintain cost alignment over time.

By contrast, most North American and Australian jurisdictions rely on flat-rate or fixed handling fee models, with only a few exceptions (such as Alberta, Canada). These fees are often established through legislation, regulation, or negotiated agreements and may apply uniformly across broad categories of containers or collection points, regardless of differences in actual operational costs.

While fixed-fee approaches can simplify administration and provide a degree of regulatory certainty, they may fail to adequately compensate collection points, particularly retailers and depots operating automated return systems with higher equipment, servicing, and space-related costs. Over time, fixed fees that are not regularly reviewed or indexed to inflation can become increasingly disconnected from real operating costs, placing financial strain on collection points and potentially undermining the long-term stability and convenience of the return network.

Where handling fees are prescribed directly in legislation or regulation, fee-setting can also become politicised, with competing pressure from retailers seeking higher compensation and producers seeking to minimise overall system costs. This can make fee adjustments slow and difficult, even when operational costs rise significantly.

Some jurisdictions do not provide handling fees at all. In Germany, retailers do not receive a handling fee but own the collected materials and are responsible for selling them, which allows them to recover value through material revenue. In Michigan, large retailers are compensated indirectly through a share of unredeemed deposits (25%), allocated in proportion to the number of containers they redeem. In Oregon, there are no per-container handling fees; instead, the system is operated by the Oregon Beverage Recycling Cooperative (OBRC), which is funded through unredeemed deposits and scrap material revenues.

Availability and transparency of handling fee information

The availability and transparency of handling fee information also varies considerably across jurisdictions. In some systems, handling fee schedules and methodologies are publicly available through system operator websites, annual reports, or regulatory documents. This level of transparency can help retailers, policymakers, and stakeholders better understand how fees are determined and how system costs are allocated.

In other jurisdictions, handling fees are not publicly disclosed and may be treated as commercially confidential information contained within contracts between system operators and collection partners. This is the case in all Australian deposit systems, where contractual handling fee arrangements are generally not publicly available. In some jurisdictions, however, handling fee information may still be obtainable upon request from the system operator or regulator.

To illustrate the range of available data, the figure below presents handling fee levels across jurisdictions where reliable, publicly available information could be obtained.

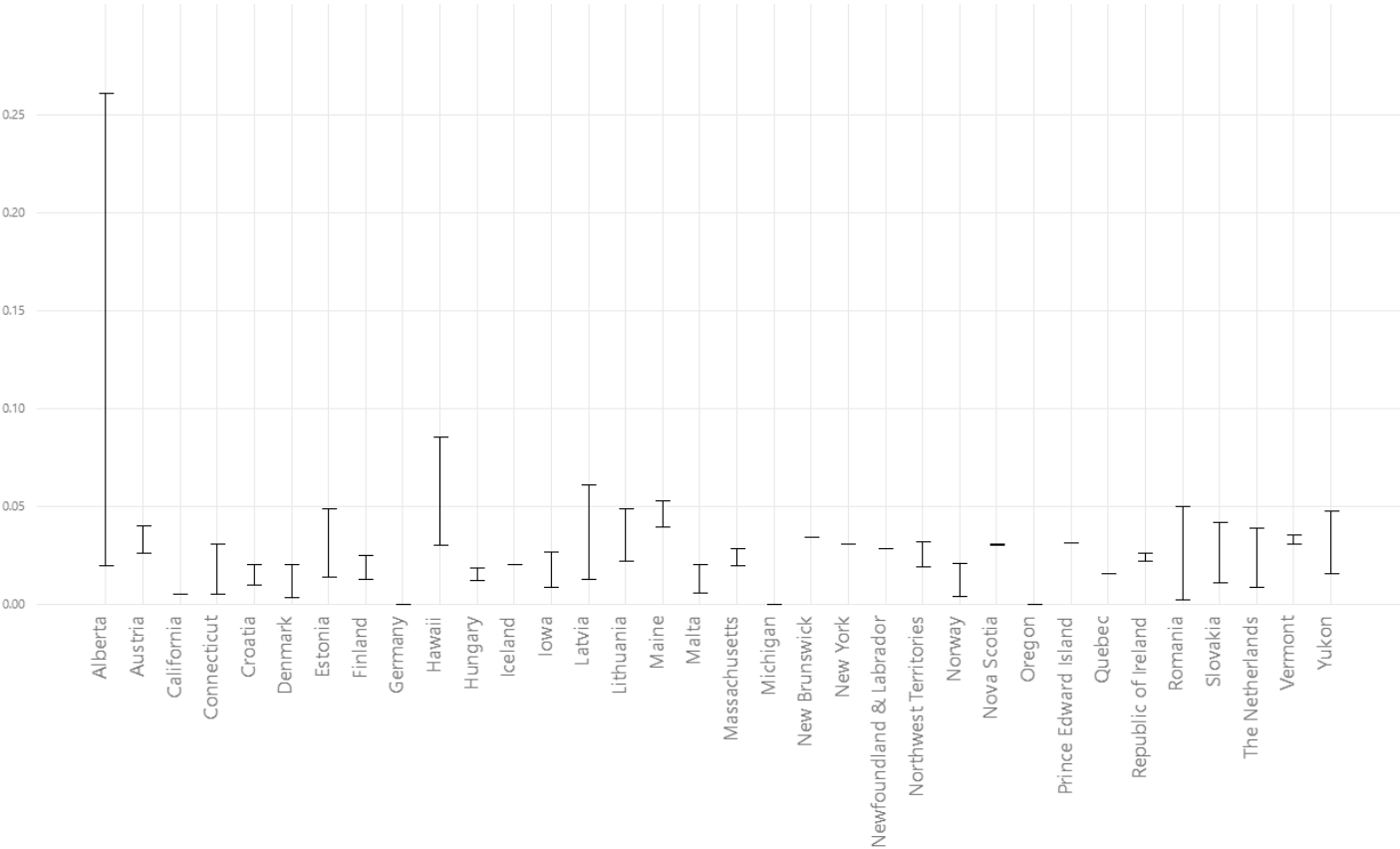


Figure 5 Minimum and maximum handling fees in DRS jurisdictions across Europe and North America (euros)

Comprehensive jurisdiction-by-jurisdiction handling fee data, including comparative tables, are available exclusively to members of the [European Alliance for Best-in-Class Deposit Return Systems](#). Organisations interested in accessing this data or learning more about Alliance membership can contact Clarissa Morawski at clarissa.morawski@reloopplatform.org

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