

Schedule 1

[am. B.C. Reg. 112/2010, s. 11.]

Beverage Container Product Category

Definitions

1 In this Schedule:

"beverage" means any liquid that is a ready-to-serve drink but does not include milk, milk substitutes, rice milk, soya milk, flavoured milk, infant formulas, meal replacements or dietary supplements;

"container" means a container made of aluminum, glass, paper, plastic, steel or other similar material, or any combination of them, that is or was sealed by its manufacturer;

"container redemption facility" means an operation, facility or retail premises, or an association of operations, facilities or retail premises, identified in an approved plan for the collection and redemption of a producer's containers;

"liquor" means liquor as defined in section 1 (1) of the *Liquor Distribution Act*;

"Liquor Distribution Branch" means the Liquor Distribution Branch in British Columbia continued under section 2 of the *Liquor Distribution Act*;

"manufacturer's agent" means manufacturer's agent as defined in section 1 (1) of the *Liquor Distribution Act*;

"refill" means to reuse without remanufacturing;

"seller" means a producer, retailer or other person who sells a beverage in a container.

Producers

2 (1) A producer of a container is one of the following:

- (a) a person who manufactures in British Columbia a beverage which is sold in a container;
- (b) if paragraph (a) does not apply, a manufacturer's agent who represents to the Liquor Distribution Branch a person who manufactures outside British Columbia a beverage which is sold in a container;
- (c) if paragraphs (a) and (b) do not apply, a person who distributes in British Columbia a beverage, other than liquor, which is sold in a container;
- (d) if paragraphs (a) to (c) do not apply, a person who imports into British Columbia, for sale in British Columbia, a beverage which is sold in a container.

(2) Despite subsection (1) (a) and (b), the Liquor Distribution Branch may elect to be the producer of a beverage which is sold in a container.

(3) Subsection (2) does not apply to

- (a) non-alcoholic beverages, or
- (b) a beverage sold by a producer who gives written notice to the Liquor Distribution Branch and a director that, despite subsection (2), it will continue to be the producer under subsection (1) (a) or (b).

(4) The Liquor Distribution Branch must give a director written notice of any election made under subsection (2) by giving particulars of the beverage category and container type for which it elects to become the producer and, if applicable, naming any manufacturer or manufacturer's agent not otherwise included in that election.

Application

3 This Schedule applies to a container that

- (a) may hold, holds or has held a beverage,
- (b) is offered for sale or sold in British Columbia, and
- (c) is not a refillable container having a capacity of 10 litres or more.

Beverage container product subcategories

4 The beverage container product category consists of the following subcategories based on container material and container size:

- (a) aluminum cans;
- (b) refillable glass bottles, able to hold 1 litre or less;
- (c) refillable glass bottles, able to hold more than 1 litre;
- (d) nonrefillable glass bottles, able to hold 1 litre or less;
- (e) nonrefillable glass bottles, able to hold more than 1 litre;
- (f) plastic containers made of high density polyethylene, able to hold less than 500 ml;
- (g) plastic containers made of high density polyethylene, able to hold 500 ml to 1 litre;
- (h) plastic containers made of high density polyethylene, able to hold more than 1 litre;
- (i) plastic containers made of resins other than high density polyethylene, able to hold less than 500 ml;
- (j) plastic containers made of resins other than high density polyethylene, able to hold 500 ml to 1 litre;
- (k) plastic containers made of resins other than high density polyethylene, able to hold more than 1 litre;
- (l) bimetal cans, able to hold 1 litre or less;
- (m) bimetal cans, able to hold more than 1 litre;
- (n) drinking boxes, able to hold 500 ml or less;
- (o) drinking boxes, able to hold more than 500 ml but not more than 1 litre;
- (p) bag in a box;
- (q) gable top containers, able to hold less than 500 ml;
- (r) gable top containers, able to hold 500 ml to 1 litre;
- (s) gable top containers, able to hold more than 1 litre;

(t) stand up pouches;

(u) beverage containers not referred to in paragraphs (a) to (t).

Deposit

5 (1) A seller must collect from the purchaser, at the time of sale of a beverage in a container, a deposit in an amount not less than the amount in Column 2 of Table 1, set out opposite the container size and beverage type in Column 1.

Table 1 — Container Deposit and Refund

Item	Column 1	Column 2
	Container Size and Beverage Type	Minimum Amount of Deposit or Refund
1	one litre or less for non-alcoholic beverages	5¢
2	one litre or less for alcoholic beverages	10¢
3	more than 1 litre for any beverages	20¢

(2) The deposit required by subsection (1) must be shown on the purchaser's receipt if a receipt is given.

(3) The deposit amount set out in Table 1 is an amount that includes any applicable taxes imposed under Part IX of the *Excise Tax Act* (Canada).

(4) This section does not apply to a seller if

(a) the seller sells a beverage in a container for consumption on the premises of the seller and the beverage is consumed on those premises, or

(b) the seller is a manufacturer or manufacturer's agent who sells a beverage in a container to the Liquor Distribution Branch and the Liquor Distribution Branch has elected under section 2 (2) to be the producer for that container.

Refund

6 (1) A container redemption facility or, subject to subsection (2), a retailer whose premises are not identified in an approved plan, must accept containers for return and pay to the person returning the containers a cash refund in an amount

(a) not less than the amount set out in Table 1, or

(b) if the amount of deposit collected is greater than the amount in Column 2 for the container size and beverage type set out opposite in Column 1, not less than the deposit amount collected.

(2) Subject to subsection (3), a person may return for refund to a retailer not more than 24 containers per day that are of the same beverage container subcategory and brand that the retailer sells.

(3) If the director determines that there are adequate container redemption facilities and retailers in a regional district, a person may return for refund to a retailer not more than 6 containers per day that are of the same beverage container subcategory and brand that the retailer sells to consumers.

(4) Subsections (2) and (3) do not apply to the return of containers to a retailer whose premises is identified as a container redemption facility in an approved plan.

(5) A container redemption facility or retailer is not required to accept a container, or pay a cash refund for a container, if the container

(a) is contaminated, rusty or dirty,

(b) can be reasonably identified as a container that was purchased outside of British Columbia, or

(c) cannot be reasonably identified as a container to which this Schedule applies.

Container design requirements

7 (1) A seller must offer for sale or sell a beverage only in a container that can be refilled or recycled.

(2) A seller must not offer for sale or sell a beverage

(a) in a metal container that is opened by use of a rigid metal pull-tab which can be removed from the container, or

(b) in a container that bears any label, mark, stamp or inscription which indicates that the container cannot be returned for refund.

Redeemed containers

8 (1) A producer must ensure that its redeemed containers are refilled or recycled.

(2) A person must not dispose of redeemed containers in a landfill or incinerator.

Stakeholders Interviewed before Consultation Session

TYPE OF STAKEHOLDER	STAKEHOLDERS - PRIMARY	NAME
DEPOT	BC Bottle Depot Association	Corrine Atwood
PRODUCER	Brewers Distributors Ltd. (BDL)	Bryan Cox
PRODUCER	Encorp Pacific Canada	Bill Chan/Neil Hastie
PUBLIC	Product Policy Institute (PPI)	Helen Spiegelman
PUBLIC	Public	Ann Johnston
DEPOT	Regional Recycling	Rod Lotzkar
NGO	United WE Can	Ken Lyotier
NGO	Recycling Council of BC	Brock MacDonald
RETAIL	Save-on-Foods	Betty Beukema
RETAIL	Liquor Distribution Branch	Gord Hall
INDEPENDENT	Ex-Depot operator	Dennis Kinsey
MUNICIPALITY	Metro Vancouver	Andrew Doi
RETAIL	Alliance of Beverage Licensees (ABL)	Raechelle Williams
MUNICIPALITY	Squamish Lilloette Regional District	Brooke Carere
MUNICIPALITY	Regional District of Bulkley-Nechako	Janine Dougall
OPERATOR	Northshore Recycling Program	Al Lynch
DEPOT	Depots on Island	Paul Shorting
RETAIL	Retail Council of Canada	Allen Langdon
RETAIL	Canadian Federation of Independent Grocers	Gary Sands
PRODUCER	Beverage Alcohol Management	John Nixon
PRODUCER	Juice Council of British Columbia	Dan Wong
PRODUCER	Nestle Waters	John Challinor
PRODUCER	Canadian Beverage Association	Jim Geotz/Justin Sherwood
DEPOT	Depot operator Calona depot	Clare Cassan



British Columbia Ministry of Environment

Stakeholder Consultation

Recycling Regulation Beverage Container Product Category

November 23, 2011

9:00 am – 4:00 pm.
Room 282
BCIT Downtown Campus
555 Seymour Street
Vancouver

To attend RSVP eqb@Victoria1.gov.bc.ca
Subject line "Beverage Container Consultation"



Ministry of Environment Public Consultation Recycling Regulation Beverage Container Product Category

Who should attend this meeting:

Beverage producers, local governments, recycling industry representatives, retailers, bottle depot operators, provincial government agencies with an interest in beverage container recycling issues, trade associations, interested members of the public or any other stakeholder.

Attendance is open to any interested party or individual. Please RSVP in advance: eqb@Victoria1.gov.bc.ca

Subject line, "Beverage Container Consultation"

AGENDA

Objective of the day:

Identify options to increase recovery rate for beverage containers in all regions of the province and improve environmental management of collected containers with the least incremental financial impact to consumers and producers. Provisions under review are:

- deposit-refund levels,
- retail collection requirements, and
- container design/management requirements.

9:00 Welcoming remarks and opening
David Ranson, BC MOE

9:15 Consultation process to date, outline of the day, opportunities for additional input
Greg Tyson, BC MOE Introduction

9:30 Regulatory provisions under review: Setting the context
Moderator: Greg Tyson, BC MOE
Presentations by CM Consulting

- | | |
|---------------------|----------------------------|
| 1. Deposit Levels | 3. Refill provision |
| 2. Return-to-Retail | 4. Recyclability provision |

10:45 Refreshment break

11:00 Stakeholder presentations
Moderator: Greg Tyson – BC MOE

- BCBDA
- BDL
- Canadian Beverage Association
- Bottle depot operator
- Encorp Pacific
- Metro Vancouver
- United We Can
- Other
- Retail

12:30 Lunch

1:30 Open forum stakeholder discussion
Moderators: Greg Tyson, David Lawes – BC MOE
(30 min per issue)

1. Deposit Levels
2. Return-to-Retail
3. Recycling provision
4. Refill provision
5. Other issues (time permitting)

3:30 Refreshment break (10 min, then continue discussion)

4:00 Next Steps & Timing
Kris Ord – BC MOE

Attendance Sheet

Recycling Regulation Beverage Container Product Category Review – November 23, 2011

	1. Al Lynch , North Shore Recycling Program
	2. Allen Langdon , , Retail Council of Canada
	3. Andrew Doi , Metro Vancouver
	4. Anil Kotadia , Richmond Bottle Depot Ltd
	5. Anita Yuen , Haney Bottle Depot
	6. Ann W Johnston , Mayne Island Recycling Society
	7. Azim Khimji , Bottle Depot Operator
	8. Baljit Lalli , Coca-Cola
	9. Bing, Alison , Canada Dry Motts ,
	10. Brandon Ashmore , Canadian Beverage Association
	11. Bryan Cox , Canada's National Brewers
	12. Brian Zeiler-Kligman , Canada's National Brewers
	13. Brock Macdonald , Recycling Council of British Columbia
	14. CJ Helie , Spirits Canada
	15. Clare Cassan , Columbia Bottle
	16. Corinne Atwood , BC Bottle Depot Association
	17. D'Arcy Hipwell , Bottle Depot Operator
	18. David Lawes , Ministry of Environment
	19. David Ranson , Ministry of Environment
	20. Emmie Leung , Emterra Environmental
	21. Elena Zevakhina , Encorp Pacific (Canada)
	22. Emy Lai , City of Richmond (by telephone)

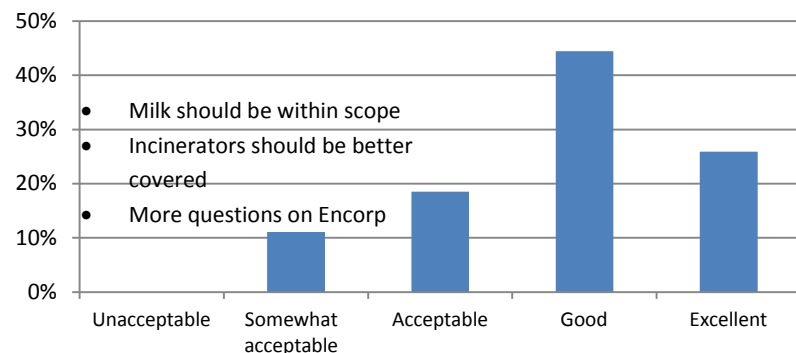
	23.Gavin Dempsey , Vanguard Bottle Depots Ltd
	24.George Quon , Emterra Environmental
	25.Grant Robertson , Bottle depot operator
	26.Greg Tyson , Ministry of Environment
	27.Heather Simpson , Victoria Bottle Depot
	28.Jerry Wyshnowsky , Thrifty Foods
	29.Jim Cairns , Private Individual
	30.Jim Goetz , Canadian Beverage Association
	31.John Graham , Canada Safeway Limited
	32.John Kendler , Urban Impact Recycling
	33.Kris Ord , Ministry of Environment
	34.Kulbir Rana , Bottle depot operator
	35. Lorne Valensky , Beverage Alcohol Containers Management Council of BC
	36.Mannie Cheung , Product Care Association
	37.Mark McKenney , MGM Management
	38.Maury McCausland , London Drugs
	39.Mengo McCall , Canadian Springs Water
	40.Michael Day , RESORT MUNICIPALITY OF WHISTLER
	41.Monica Kosmak , City of Vancouver
	42. Neil Antymis , Pepsico Beverages Canada
	43.Nevil Davies , Emterra Environmental
	44.Paul Shorting , Nanaimo Bottle Depot
	45.Sandy Sigmund , Encorp Pacific (Canada)
	46.Savannah Paine , Willowbrook Recycling Inc
	47.Sophy Roberge , Bottle Depot Operator
	48.Tracey Weldon , City of Burnaby Engineering

	49.Tyler Garnes , Encorp Pacific (Canada)
	50.Usman Valiante , Corporate Policy Group, (attending with Canada's National Brewers)
	51.Vincent Spronken Bottle Depot Operator
	52.Wendy Dunn , Capital Regional District http://www.crd.bc.ca/
	53.Kristi MacMillan , Ministry of Environment
	54.Dave Wolley
	55.Rod Lotzkar
	56.Mike Hipwell
	57.Dennis Kinsey
	58.Malcolm Kirkland
	59.Kathleen Ryder , Go Green
	60.Nicole Stefanelli , Urban Impact
	61.Andrew Haley , ABD
	62.Ken Lyotioer , United We Can
	63.Lawrene Engelsman
	64.Dave Depocas

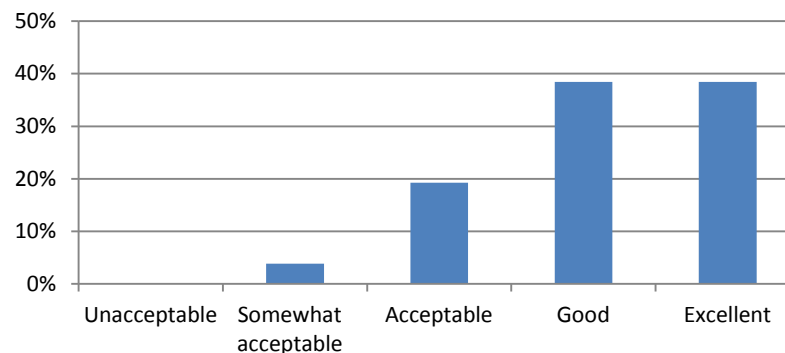
Workshop Evaluation Results British Columbia Ministry of Environment Stakeholder Consultation Beverage Container Product Category November 23, 2011

Number of respondents: 27 (of approx 75 participants)

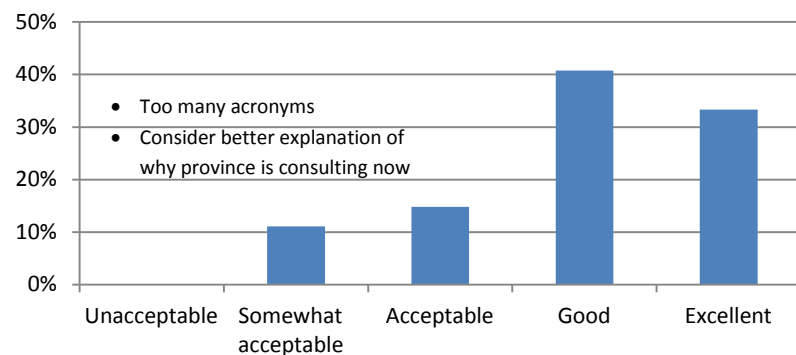
Key issues were adequately explored



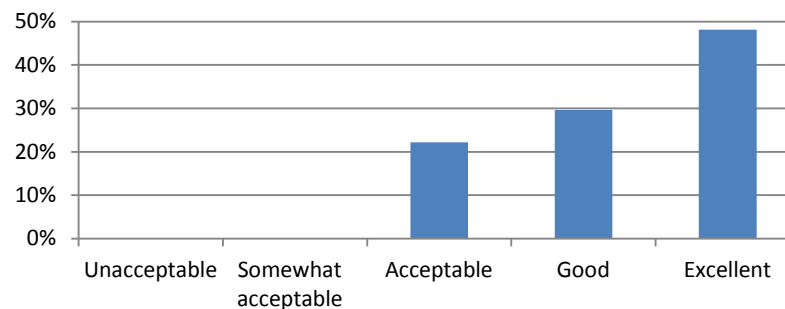
I had opportunity to express my views



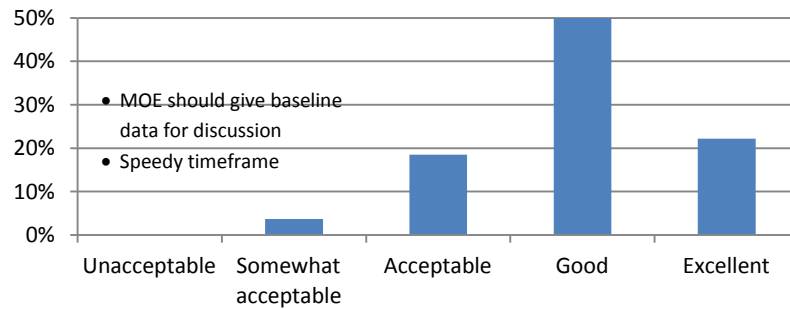
I had sufficient background information



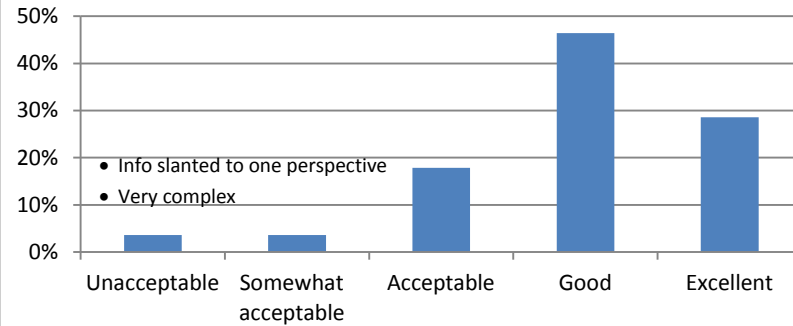
Information was presented in an organized manner



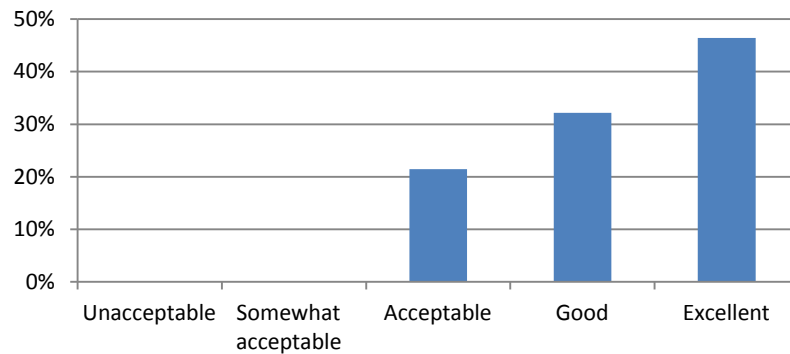
Volume and complexity of the information was appropriate



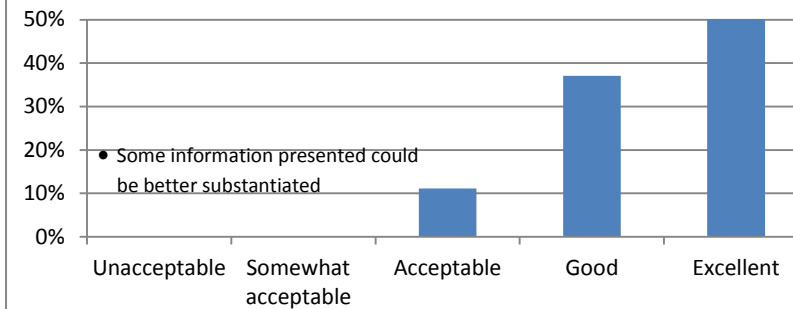
Background presentations captured the appropriate scope of perspectives

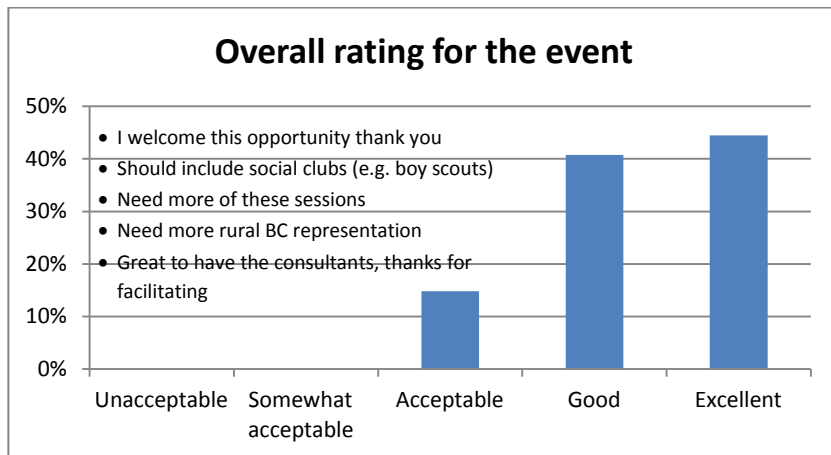


The event was a valuable use of my time



Facilitation was professional and objective







Ministry of Environment Workshop
Recycling Regulation Beverage Container
Schedule
November 23 2011



BRITISH
COLUMBIA



Overarching goal

Identify opportunities to increase performance
with the least incremental financial impact

Performance = container recovery rate
improved recycling
facilitate refilling



BRITISH
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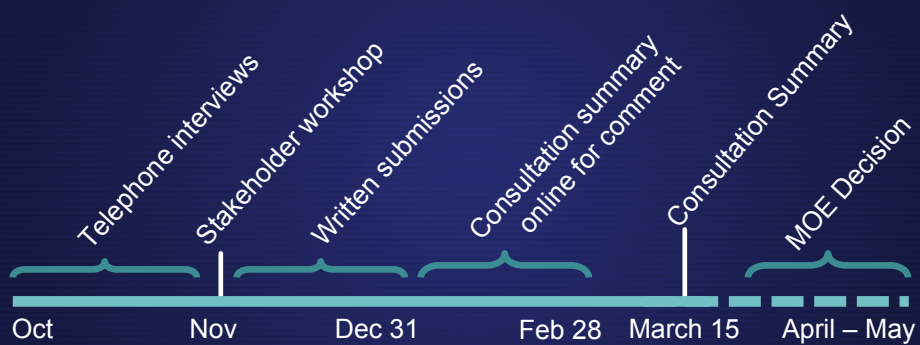


Provisions under review

- Deposit-refund levels
- Retail collection requirements
- Container design and management requirements



BRITISH
COLUMBIA



Written submissions accepted until Feb 28 2012



BRITISH
COLUMBIA



Providing input:

eqb@Victoria1.gov.bc.ca BC Ministry of Environment
Industry Product Stewardship
PO Box 9341 Stn Prov Govt
Victoria, BC V8W 9M1

Subject line: “Beverage Container Consultation”

REGULATORY PROVISION UNDER REVIEW

Section 5

Minimum Deposit levels

Background Information

Deposit

5 (1) A seller must collect from the purchaser, at the time of sale of a beverage in a container, a deposit in an amount not less than the amount in Column 2 of Table 1, set out opposite the container size and beverage type in Column 1.

Container Deposit and Refund

Table 1

Container Size and Beverage Type - Minimum Amount of Deposit or Refund

one litre or less for non-alcoholic beverages	5¢
one litre or less for alcoholic beverages	10¢
more than 1 litre for any beverages	20¢

- (2) The deposit required by subsection (1) must be shown on the purchaser's receipt if a receipt is given.
- (3) The deposit amount set out in Table 1 is an amount that includes any applicable taxes imposed under Part IX of the *Excise Tax Act* (Canada).
- (4) This section does not apply to a seller if
- (a) the seller sells a beverage in a container for consumption on the premises of the seller and the beverage is consumed on those premises, or
 - (b) the seller is a manufacturer or manufacturer's agent who sells a beverage in a container to the Liquor Distribution Branch and the Liquor Distribution Branch has elected under section 2 (2) to be the producer for that container.

Canadian Deposit Levels

Cross-Canada refundable deposit rates for select container types												
	BC	AB	SK	MB	ON	QC	NS	NB	NF	PEI	YK	NWT
Refillable beer bottle	10	10	10	10	10	10	10	10	10	10	10	10
Glass beer, cider, cooler ≤ 1L	10	10	10/20	10	10	10	5	5	5	5	10	25
Glass Wine & Spirits > 1L	20	25	40	20	20		10	10	10	10	25	25
Aluminum can - Beer	10	10	10	10	10	5	5	5	5	5	10	10
Aluminum can - Other	5	10	10			5	5	5	5	5	5	10
Plastic ≥ 1L	5	10	10				5	5	5	5	5	10
Plastic > 1 L	20	25	20				5	5	5	5	25	10
Glass ≤ 1L	5	10	10/20				5	5	5	5	5	10
Glass > 1L	20	25	40				5	5	5	5	25	10

- BC levels for all container types are equal to or lower than levels in Alberta and Saskatchewan
- The Maritime provinces use a half-back type of deposit instead of a deposit plus fee (i.e. CRF)

US

- US systems generally have lower deposit levels than Canada
- 5-cents on a can or small bottle is the normal
- Michigan is an exception with 10 cents on all containers

US Deposit Levels (US CENTS)		
State	Deposit level	Overall recovery rate
California	5 cents (under 24oz.) 10 cents (24 oz. and up)	88.0%
Connecticut	5 cents	N/A
Hawaii	5 cents	79.0%
Iowa	5 cents	86.0%
Massachusetts	5 cents	70.8%
Maine	5 cents (non alcoholic) 15 cents (wine/liquor)	N/A
Michigan	10 cents	96.9%
New York	5 cents	66.8%
Oregon	2 cents (standard refillable) 5 cents (all others)	84.0%
Vermont	5 cents (non alcoholic) 15 cents (liquor)	85.0%

Europe

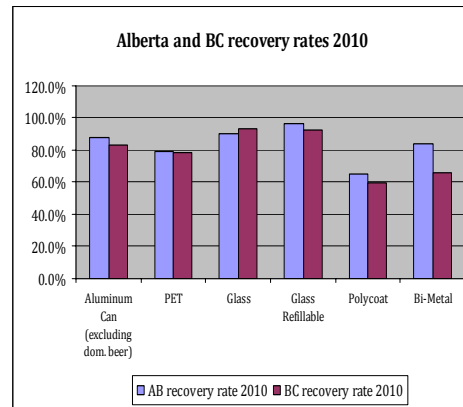
- Many European nations have deposit levels substantially higher than typical North American levels

European Deposit Levels	
Country	Deposit level
Denmark	27 cents (US) - Small 78 cents (US) - Large
Germany	34 cents (US) - One way containers 11 cents (US) - Refillable beer 20 cents (US) - Refillable water, soft drink, or juice
Netherlands	16 cents (US) - Small 72 cents (US) - Large 64 cents (US) - Refillable PET > 1L
Sweden	13 cents (US) - Aluminum cans and PET bottles up to 1L 26 cents (US) - PET > 1L

British Columbia and Alberta recovery rates

AB rate exceeds BC rate for all container types
(excludes all domestic beer)

Alberta and British Columbia Recovery Rates 2010		
Container Type	ALBERTA	BRITISH COLUMBIA
Aluminum Can	88.2%	83.5%
PET	79.5%	78.3%
Glass	90.2%	93.3%
Polycoat	65.2%	60.0%
Bi-Metal	83.7%	65.9%



Sources:

ABCRC Annual report 2010

Encorp annual Report 2010

B.C. Deposit levels and share of beverage market by container type and deposit level

DEPOSIT / REFUND	BC		
	Refundable Deposit in cents \$CAN	Quantity Sold	Percent of total market
Containers up to 1L	5	995,178,191	53%
Containers over 1L	20	86,045,597	5%
Wine & Spirit Containers < 1L	10	72,838,434	4%
Wine & Spirit Containers over 1L	20	14,076,081	1%
Beer bottles up to 1L	10	108,792,080	6%
Beer bottles over 1L	20	575,957	0.03%
BDL Cans	10	460,566,384	24%
Refillable beer bottles	10	144,185,532	8%

- Non-alcohol containers make up a 58% share of total beverage market
- Containers with a 5-cent deposit make up 53% share of total beverage market
- Containers with a 20-cent deposit make up 5% share of total beverage market

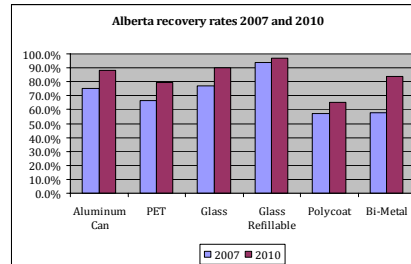
Source: BDL and Encorp 2010 annual reports

Alberta Deposit level Increase 2008

- Recovery rate for the primary container types rose ~13% from 2007-2010
- Refillable beer bottle remained 10-cent and rate increased by 2.8%

ABCRC Annual report 2007

ABCRC Annual report 2010



Alberta Recovery Rates 2007 and 2010			
Container Type	2007	2010	Percent Increase
Aluminum Can (excluding dom. beer)	75.3%	88.2%	12.9%
PET	66.7%	79.5%	12.8%
Glass	76.8%	90.2%	13.4%
Glass Refillable	94.0%	96.8%	2.8%
Polycoat	56.9%	65.2%	8.3%
Bi-Metal	57.7%	83.7%	26.0%

5-cent vs 10-cent deposit

- 2006 research for Recyc-Quebec in QB compared recovery rates for containers at 5 and 10-cent deposits

	5-cent refund	10-cent refund
Total Samples	40	9
Mean (average of averages)	62%	82%
Median	66%	79%
Weighted Average	74%	85%

- 40 samples of SKUs with 5-cent deposit, 9 samples of SKUs with 10-cent deposit
- Median recovery rate for 5 cent SKU was 66%, for 10 cent SKU 79%
- Weighted average recovery rate for 5-cents was 74%, for 10-cents 85%
- Other influencing factors include:
 - Convenience (R2R, depot, or both)
 - Container type on deposit (traditional vs non-tradition containers)
 - Program duration (how long has the program been in place?)
 - Location of consumption (on-the-go; bar and restaurants etc.)
 - Multi-pak versus single-pak

Stakeholders comments on **maintaining current deposit levels**

- Current recovery rates are good (surpassing target) – no need to change
- Consider alternative methods to improve performance (increased P&E; public space bins etc.)
- Need to consider the marginal cost increase to consumers for the marginal recovery increase – is there a cheaper way to improve performance?
- Increasing deposits to 10-cents will not change recovery rate because consumers are too rich – not a high enough incentive
- Increased deposits will cost consumers more; may impact some sales; will impact sales on small cheaper containers (eg. Small juice (3 for \$1) and some water bottles)
- Should consider any distortions in the marketplace
- Will drive cross-border shopping to US
- Any increase should be carefully analyzed to consider impacts on consumers; costs; and how much of an impact it will have on recovery
- Increases will not improve recovery, just increase refunds for street community

Stakeholders comments **on increasing deposit levels**

- Value of 5-cents is not what it used to be. Must increase refund to keep pace with inflation
- Consider 10 and 25-cents (two-tier) like Alberta – a more harmonized approach
- Consider 10-cent deposit on ALL containers (one-tier) to provide less confusion and simplicity in sorting and operations
- One-tier deposit level will allow depots to reduce sorts by “at least half”.
- Increasing deposit levels will improve economics of program
- Need to consider the impact on the street community

REGULATORY PROVISION UNDER REVIEW

Section 6

Return to Retail

Background Information

- **Refund**
- **6** (1) A container redemption facility or, subject to subsection (2), a retailer whose premises are not identified in an approved plan, must accept containers for return and pay to the person returning the containers a cash refund in an amount
 - (a) not less than the amount set out in Table 1, or
 - (b) if the amount of deposit collected is greater than the amount in Column 2 for the container size and beverage type set out opposite in Column 1, not less than the deposit amount collected.
- (2) Subject to subsection (3), a person may return for refund to a retailer not more than 24 containers per day that are of the same beverage container subcategory and brand that the retailer sells.

(3) If the director determines that there are adequate container redemption facilities and retailers in a regional district, a person may return for refund to a retailer not more than 6 containers per day that are of the same beverage container subcategory and brand that the retailer sells to consumers.

(4) Subsections (2) and (3) do not apply to the return of containers to a retailer whose premises is identified as a container redemption facility in an approved plan.

Return to Retail & Depots (“Hybrid System”) in British Columbia

- Brewers Distributors Ltd. provides for retail and depot returns at a total of 1119 locations including:
 - 655 private liquor retailers
 - 197 government retailers
 - 229 rural agency retail stores
 - 38 independent depots
- Encorp return centres include:
 - 172 independent depots
 - Thousands of retail outlets

Sources: BDL Product Stewardship Annual Report Year Ending December 31, 2010
Encorp Pacific Annual report 2010

Redemption locations in Canada

PROVINCE	COLLECTION MECHANISM	NUMBER OF DEPOTS
BC	RETAIL AND DEPOTS	1119 BDL locations 172 Encorp depots and all retail
AB	DEPOT	216 "universal" 66 "class D"
SK	RETAIL STORES (REFILLABLE BEER ONLY) AND DEPOTS	71
ON	RETAIL STORES (BEER AND ALCOHOL CONTAINERS ONLY)	833
QC	RETAIL	over 4000
NS	DEPOT	83
NB	DEPOT	78
NF	DEPOT	76
PEI	DEPOT	10
YK	DEPOT	19
NWT	DEPOT	28

• Source: Who Pays What 2010

USA Redemption Systems

- Retail stores are part of the system in 8 out of 10 states
- Maine and Vermont have “opt-out” provision for retailers

STATE	COLLECTION MECHANISM
California	Certified redemption centres, registered curbside and drop-offs
Connecticut	Retail stores and redemption centres
Hawaii	Certified redemption centres
Iowa	Retail stores and redemption centres
Massachusetts	Retail stores and redemption centres
Maine	Retail stores and redemption centres (Dealers can refuse to redeem if they have an agreement with a nearby redemption centre)
Michigan	Retail stores
New York	Retail stores and redemption centres
Oregon	Retail stores and redemption centres
Vermont	Retail stores and redemption centres (Dealers can gain State approval to refuse if they are located near a licensed redemption centre)

• Source: Container Recycling Institute

World-wide Redemption Systems

- **Return-to-Retail is the most common return mechanism in countries outside of North America**

State	Reclamation system
South Australia	Retail stores and redemption centres
Barbados	Retail stores and redemption centres
Croatia	Retail stores
Estonia	Retail stores
Germany	Retail stores
Guam	Retail stores
Israel	Retail stores
Sweden	Retail stores
Norway	Retail stores
Switzerland	Retail stores
Denmark	Retail stores
Finland	Retail stores

- *Source: Container Recycling Institute, Government websites*

Stakeholders Comments in favour of **amending R2R provision with voluntary approach**

- Less than 10% of total non-alcohol goes through retail, there is enough depot capacity to handle all containers and provide “reasonable access”
- Retailers are willing to work with Encorp Pacific to ensure sufficient capacity and convenience for non-alcohol
- There is customer confusion as to where to return beer vs alcohol vs non-alcohol
- Some areas of the province are not serviced for bulk beer returns – BDL needs to increase bulk return locations
- Discounting **of beer containers** is a big problem

Stakeholders Comments in favour of **amending R2R provision with voluntary approach (con't)**

- Many small retailers are not complying – not a level playing field for those that do comply
- Retail space is expensive and limited
- There are food safety issues around empty container return; dirty containers are a risk; standards for safety and cleanliness are inconsistent with container return; returns are a dirty business.
- Some GLS stores cannot get municipal zoning due to loitering of some of the street community
- Splitting returns between depots and retail does not drive efficiency

Stakeholder comments in favour of **maintaining R2R provision**

- It is the most convenient way to return containers
- R2R is accessible to everyone – unlike depots
- Unless easy-to-access public space recycling is available, the convenience of the retail take-back network should remain. For now, “we are un-willing to trade it away”.
- Existing footprint is effective, “why undermine it?”. More benefit to the public and performance to keep it as is
- For beer, large format refillable water; and other small refillables, R2R facilitates efficient; eco-friendly reverse logistics (backhauling)
- Eliminating R2R jeopardizes refillable business model

Stakeholder comments in favour of **maintaining R2R provision (con't)**

- Need for R2R in parts of BC (like downtown Vancouver) and some rural areas where depot capacity is insufficient
- Minimum of '24 units per person' provision is a good compromise for retailers
- Less than 10% of total non-alcohol volume goes through retail, therefore R2R is a “non issue”
- Need to consider the impact on the street community of amending provision
- Amending the provision will negatively impact performance of the program

REGULATORY PROVISION UNDER REVIEW

Sections 7 & 8

**Containers must be
recycled or refilled**

Background Information

Section 7 & 8

Container design requirements

7 (1) A seller must offer for sale or sell a beverage only in a container that can be **refilled or recycled**.

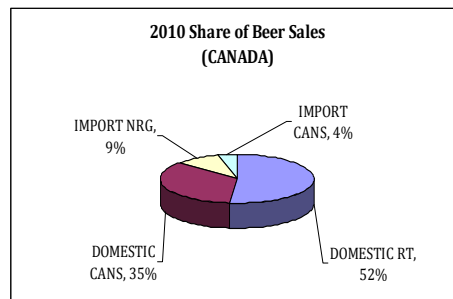
Redeemed containers

8 (1) A producer must ensure that its redeemed containers are **refilled or recycled**.

(2) A person must not dispose of redeemed containers in a **landfill or incinerator**.

Status of refillable beer in Canada

SHARE OF MARKET (2010)				
province	DOMESTIC RT	DOMESTIC CANS	IMPORT NRG	IMPORT CANS
BC	20%	62%	12%	6%
AB	24%	62%	10%	4%
SK	40%	52%	6%	3%
MB	31%	61%	6%	3%
ON	59%	26%	11%	5%
QB	69%	19%	9%	4%
NB	51%	45%	3%	1%
NS	50%	43%	5%	2%
NFL	84%	11%	3%	2%
PEI	61%	34%	3%	1%
YK	21%	74%	3%	1%
NWT/NT	25%	68%	5%	2%
CANADA	52%	35%	9%	4%



Status of other refillables in BC

- Refillable beer bottles have a 52% of market share nationally but only 20% in BC (lowest in Canada)
- Some water is sold in large format refillables
- Small local producers of wine and non-alcohol may also use refillable bottles

Status of Refillables Globally

- Long history of refilling in Europe. Some countries have seen the refillable nearly disappear altogether but others have enacted laws and policies designed to promote the refillable.
- In Latin America, refillable bottles originally gained traction because they were less expensive to the customer. Mandating deposit return programs was not necessary to support refillables as the customer preferred them.
- There is evidence that refillable containers are still in use and possibly gaining market share in Asia and Africa.

Recent study on refillables by PricewaterhouseCoopers (Germany)

- Refillable system is **equal to or better than the single use mandatory deposit system, which in turn was equal to or better than the curbside system** in nearly every impact category including:
 - Resource consumption-less raw materials
 - Climate change-less energy used because of less production
 - Collection rates
 - Littering
 - System costs
 - System stability
 - Product diversity
 - Product price
 - Employment
 - System abuse
- Important to note that the dual system (green dot system) had a POSITIVE effect on **“implications regarding international competition”** while the **refillable and single use mandatory deposit system were found to have a neutral effect** on implications regarding international trade.

Factors contributing to a diminishing refillable market share

Big box stores

Manufacturers preference

Popularity of the can

Increased Imports

Policy strategies that promote refillables

1. **Provide financial incentives for companies or retailers that switch from single-use containers to refillable bottles; or increase use of refillables (tiered deposit levels)**
2. **Public education explaining and promoting the benefits of refilling**
3. **Implement “Eco-Taxes”, “Eco-levies” or “Green-fees” on single-use containers – (eg. Ontario, Denmark, Finland and Norway)**
4. **Establish industry-specific policies with an aim to preserve an existing market share for refillable containers – (eg. Portugal)**

Stakeholder Comments on regulatory provisions around refilling (reuse)

- It would be good to see more refillable bottles in BC – people ask about the refillable bottles versus recyclable. People support refillable bottles
- Consider economic instruments and regulatory policies to promote refill
- Keep government out of the refill issue – refilling is a commercial decision

British Columbia Beverage Container Materials

Encorp Pacific Material	Tonnes Managed 2010	Containers sold 2010	Share of all containers sold in BC	Stated End Market
Plastic	12,182	453,389,908	25%	Plastic recycling plants in Calgary and Vancouver – Merlin Plastics
Glass	77,861	229,937,359	12%	Glass recycling plants in BC and AB
Aluminum	5,131	437,430,646	24%	US re-melt facility to be recycled into new aluminum sheet
Bi-metal	179	4,235,698	0.2%	Scrap metal processor in Vancouver
Polycoat	2,095	123,238,589	7%	Paper recycling mill
Pouches	36	13,424,429	0.7%	In storage awaiting market

- **Pouches make up only 0.7% of total beverage market**

** Sales and tonnage from Encorp Annual Report 2010*

British Columbia Beverage Container Materials

BDL Material	Tonnes Managed 2010	Containers sold 2010	Share of all containers sold in BC	Stated End Market
Glass	35,209	144,185,532	8%	Refillables back to brewers
Aluminum	6,009	435,672,000	24%	US re-melt facility to be recycled into new aluminum sheet

Sales and tonnage from BDL annual report 2010

Stakeholder comments supporting regulatory provision amendment

- The 2R provision in the existing regulation is inconsistent with 5Rs hierarchy for other stewards and other stewarded products in BC;
- New WTE technologies can be proven to be more eco-friendly than recycling for some materials/in some cases (like pouches) from a Life Cycle Analysis (LCA) perspective
- By saying no to WTE, you may be promoting landfilling instead - unintended consequence
- Loosen the language in the regulation

Stakeholders comments supporting current regulatory provision

- Waste-to-energy (WTE) for beverage containers of all kinds is not acceptable
- Could be the “slippery slope” toward WTE for other recyclable containers like those made from plastic
- Keep as is
- The provision provides peace-of-mind that the container is actually getting recycled
- Recyclability provision encourages better design



BRITISH
COLUMBIA



Providing input:

eqb@Victoria1.gov.bc.ca BC Ministry of Environment
Industry Product Stewardship
PO Box 9341 Stn Prov Govt
Victoria, BC V8W 9M1

Subject line: “Beverage Container Consultation”

Presentation by Corinne Atwood, Executive Director,
BC Bottle Depot Association
November 23rd Ministry of Environment Packaging Workshop

When first notified of this meeting and after being asked to speak and receiving the parameters of discussion speakers and attendees were restricted to I found I had more questions than answers. Now after seeing the opening slides and remarks that have mentioned “Waste to Energy” I feel that if Waste to Energy can be introduced into discussions that we should and I will bring up the issue that milk containers should be also be included in the discussions of the day.

Why are we not reviewing the term beverage?

As per schedule 1

“Any liquid that is a ready to serve drink (does not include milk)”

Milk continues to be the pink and/or white elephant in the room. Milk is drunk like other beverages and joins the list of vegetable and fruit juices in the Canada food guide. Juices are just as important to our wellbeing as milk and are captured under deposit regulations. The argument that milk should be protected from entering the deposit system because that would hurt families because putting a deposit on a product that is essential to good health like milk falls flat. It is the container not the product that would hold the deposit. The nutrients found in milk can be found in a number of other sources. Some cultures do not consume milk after infancy so we cannot state with accuracy that milk has special dietary status under the Canada food guide.

Approximately 90% of the people in BC support the inclusion of milk containers into the deposit system. The requests by way of delivered letters of support and petitions to add milk containers into the deposit system by groups such as the BC Bottle Depot Association, Metro Vancouver, the Union of BC Municipalities (UBCM), municipalities not covered under the UBCM, recycling depot operators, the public and other elected officials have not been acted on by the Ministry of Environment.

As most in the room are aware the milk containers were included into the packaging regulations for EPR without all stakeholder or public consultation by way or an Order in Council in May of 2011.

A deposit only costs those who choose not to recycle. The deposit system rewards those who choose to do the right thing and return the container for recycling. Currently all persons in the province are charged non refundable container recycling fees (CRF's) on top of their deposits for beverages and advanced disposal fees (DAF or Eco Fees) for electronics, small appliances, paint, the soon to be implemented packaging EPR program and a number of other

new stewarded materials. These addition non refundable fees will surely create more of a financial hardship for individuals than a deposit bearing container.

Why are only parts of schedule 1 being reviewed and not the entire contents of schedule1?

The provisions from Schedule 1 that are under review are:

- **Deposit refunds**
- **Return to retail requirements**
- **Container design and management requirements**

Why are we not reviewing changes to 8.2 that would change

**“a person must not dispose redeemed containers in a landfill or incinerator “
to**

“a person and / or producer must not dispose redeemed or unredeemed containers in a landfill or incinerator”

1)

Deposit-refund levels (e.g.: 5, 10 and 20 cents);

Unfortunately financial incentives must be offered to encourage people to do the right thing and bring back their containers for recycling. The deposit system is still the most successful system of collection for recyclable materials. Deposit system rewards those who choose to recycle. The deposit system provides thousands of jobs in collection transportation and processing.

The deposit system supports a large number of obvious and not so obvious opportunities for employment and supplemental funding by the collection of deposit bearing abandoned containers. The additional container in the deposit system would in fact increase the revenue of those individuals and community groups who look to supplement their revenues by seeking out and redeeming the deposit bearing containers.

The deposit system must remain and be expanded.

Reports have shown that increasing the deposit level has also increased the return rate of containers. Alberta has experienced a higher return rate since increasing deposit level and including milk containers into deposit. Deposit levels in BC should be raised to 10 cents and 25 cents to harmonize with Alberta.

The Governments of Alberta and British Columbia signed a Protocol of Cooperation on October 8, 2003 and a Memorandum of Understanding for Environmental Co- operation and Harmonization on May 26th 2004. The Protocol and MOU confirms the commitment of the two provinces to work together cooperatively in a number of areas, including the exploration of opportunities to harmonize regulatory frameworks.

This was a five year agreement, has the agreement been renewed and if not why not?

Why did BC not follow their commitments under these agreements and raise our deposit levels when Alberta's went up? BC was quick to lower the deposit levels to match Alberta's some time ago when they were lower.

2)

Retail collection requirements (e.g.: 24 containers per day per person);

My comments were offered to Clarissa Morowski in a couple of short emails, to elaborate:

The BCBDA does not support the complete exit of return to retail. We do support a return to retail system that includes further expansion to depots. We recognize that Retailers are in the business of retailing, not recyclable materials collection.

However to remove this return to retail opportunity for container redemption entirely would be a hardship on people that do not or cannot drive or that redeem small amounts of beverages covered under the deposit system.

If return to retail is being reviewed in any way as an opportunity for producers to remove a convenient location for the consumer to return their containers and receive their deposits back and instead encourage blue box use we do not support changes that would facilitate that. The BCBDA supports the delivery of convenient and transparent recycling practices.

In regards to beer containers the BCBDA feels that there is some work to be done to expand the collection system so that more depots can provide full refund. Currently a large number of depots have no business relationship with the brewers and unable to return full refund to the customer. The Brewers have licensed wholesale agents who not only offer full refund for containers but have other responsibilities in the collection process such as transportation and processing.

In fairness to brewers depots that are licensed by Encorp do not have additional responsibilities of transporting and processing. Encorp does offer other service contracts to depots but not part as part of their regular depot license agreement.

This lack of relationship between the brewers and all depots in what is perceived by the public as a natural fit in returning used beverage containers continues to bring frustration, suspicion and sometimes aggression from customers who feel that depots are ripping them off by not returning all of their deposit. Our understanding is that brewers are looking at improving their collection system.

While this situation applies to beer IT HAS TO BE SAID that this scenario of frustration happens on a regular basis at depots when the consumer discovers that depots may not be accepting milk containers. Customers leave the containers behind for the depot operators adding to depot expenses in tipping fees. Customers also take their frustration on depot operators when they find out that they are not getting back the container recycling fee they paid on their beverage containers.

Perhaps the time has come for all manufacturers to accept the wishes of not only the depot and return to retail industry but the people of BC and develop the necessary changes to create a level playing field.

3)

Container design and management requirements (e.g.: containers must be refilled or recycled).

The BCBDA believes the manufacturer should choose their packaging following the hierarchy of recycling without the newly added waste to energy option. If the manufacturer uses materials that cannot be recycled the manufacturer should be deemed not in compliance and fined appropriately and the offending container removed from sale. Containers should be able to be pierced and flattened and baled for transportation from the collection facility to reduce the transportation costs and the carbon foot print.

Lastly the BCBDA asks that the Ministry of Environment show stronger governance and ensure that all containers that hold drinkable liquids are covered under deposit and that used beverage container regulations are adhered to.

The Ministry of Environment has always had the position that industry will determine the program.

Industry represents industry not voters

Brewers Distributor Limited: Leaders in Materials Management and Product Stewardship

*Recycling Regulation, Schedule 1
Consultation
November 23, 2011*

1

About Brewers Distributors Limited (BDL)

- Practicing responsible product stewardship in BC for over 80 years
- Mission:
*Provide a quality, cost-effective distribution and container return service
for our customers and the public*

Brand Owners Represented by BDL			
Bear Brewing	Big Rock Brewery	Brick Brewing Co.	Chilkoot Brewing
Columbia Brewery	Granville Island Brewing	Great Western Brewing	Kamloops Brewery Ltd.
Labatt Breweries	Mark Anthony Group	McAuslan Brewing	Molson Breweries
Moosehead	Nelson Brewing	Okanagan Spring	Oland Specialty Products
Pacific Western Brewing	Sleeman Breweries Ltd.	Tree Brewing	Unibroue Inc.
Vancouver Island Brewing	Vincor International	Whistler Brewing	

About BDL



- Collect beer cans (domestic and import) and refillable glass bottles
- Provide beer consumers with 1258 possible return locations
 - 197 Liquor Distribution Branch stores
 - 655 Cold Beer and Wine stores (liquor retail stores)
 - 229 rural agency stores
 - 177 independent depots
 - 78% of residents within 2 km of return location
- Target return rate: 85%
- F2004-F2008 Return rate: 93.2%
- 2010 Return rate: 94%
- Total 2010 waste diversion: 48,500 tonnes
 - Includes over 2000 tonnes of secondary packaging that was collected and diverted

3

An Environmental Record To Be Proud Of



In 2010, BDL:

- Recovered almost 570 million containers
- Diverted almost 48,500 tonnes from BC landfills
- Avoided production of 28,000 tonnes of packaging
- Avoided about 71,500 tonnes of GHG emissions
- Avoided over 760,000 gigajoules of energy
- BDL system **exemplifies OECD's principles for sustainable materials management**
- Endorsed by the David Suzuki Foundation and others

4

Container Design/Management



- Fully support requirement that containers must be refilled or recycled
- All BDL packaging (not just containers) satisfy this requirement
- Critical to achieving OECD principles for sustainable materials management

5

Deposit Levels



- Strongly support deposit return system
- Important that consumers have this incentive
- Refundable deposits closely correspond to higher return rates
- Important component of effective recovery programs

6

Return-to-Retail



- Backbone of BDL stewardship
- Customer convenience is our priority
- Critical for coverage in Vancouver area and rural locations
- Overwhelming support from public
- Continue to expand our coverage
- Makes overall container management system more efficient

7

BDL's Concerns



- What is the future of deposit return in BC?
 - Currently being reviewed
 - Potential impact of Schedule 5
 - Deposit return consistently shown to be most effective in achieving environmental targets
- Is BC in 2011 like Ontario in late 1980s?

8

Canadian Beverage Association

What Drives Container Returns

Presentation for BC Container Deposit System Consultation
November 23rd, 2011

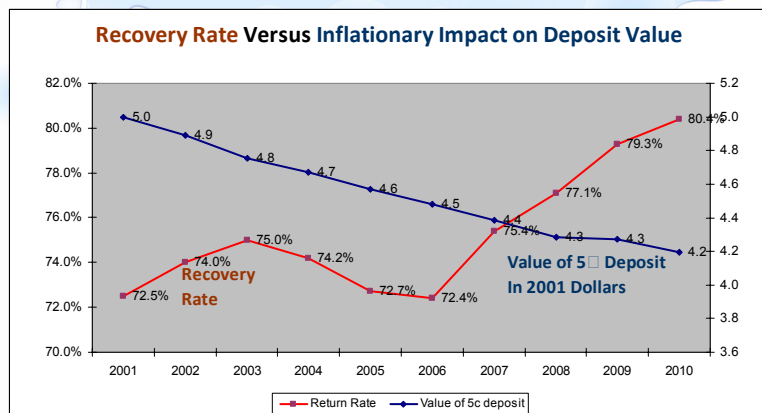
Canadian Beverage Association

- Canadian Beverage Association (CBA) is the national trade association representing the broad spectrum of brands and companies that manufacture and distribute the majority of non-alcoholic refreshment beverages consumed in Canada
- CBA objectives include:
 - Promoting beverages as an integral part of a healthy, balanced lifestyle
 - Promoting product innovation/availability to meet consumer demand
 - Supporting appropriate recycling of packaging through efficient and cost-effective recovery systems
- CBA and its members are committed and involved corporate citizens that always have the health and safety of Canadians as a top priority when preparing the products consumers enjoy
- CBA members and staff are involved in the governance and management of most beverage container deposit systems and curb-side programs across the country.
- Beverage industry and its products support recycling programs and infrastructure across British Columbia

Deposit Level is Not the Primary Driver of Returns

- Understanding consumer behaviour on why they return beverage containers is multi-dimensional.
- Consumers return container for a variety of reasons:
 - Convenience & location
 - Awareness of the “right thing to do” – supported by public information campaigns
 - 40 years of experience – habitual behaviour
 - Deposit
 - Demographics
- A 2008 Ipsos Survey conducted for Encorp Pacific determined that “British Columbians (72%) said that increasing the deposit on beverage containers by an unspecified amount would make no difference to whether or not they would return the containers to collect the refund on the deposit they paid.”
- Encorp’s 80% return rate demonstrates BC consumers’ commitment to beverage container recycling.

BC Return Rate Continues to Increase Despite Inflationary Impact on Deposit



What are Effective Ways to Drive Returns

- Continuous re-enforcements of importance of recycling:
 - Every year Encorp sends approximately \$4 million^[1] on consumer awareness and public education
- 30% of non-alcoholic beverages are consumed away from home – designing programs to get these containers is key to driving return rates:
 - Return-it-at-work
 - Festival and event recycling,
 - School recycling programs,
 - Return-it-and-win
 - Multi-family programs
 - Expanded use of mobile depots in high density areas.
- In efforts to capture the 30% of non alcoholic beverage containers the sector has taken and is expanding its leadership role in encouraging recycling through its customers (Ski resorts, PNE, conventions, theatres etc) and in public spaces.
- Alberta changes in return rate primarily driven by increase in public education from \$ 1.6 million in 2006 to \$ 5 million in 2009.
 - New programs, new promotion, new education

[1] <http://www.return-it.ca/ar2010/index.html>

Impacts of Raising Deposits

1. Negligible (if any impact) on return rates.
 - An “apples” to “apples” comparison between Alberta and British Columbia shows virtually identical return rates while Alberta’s deposit rates are basically double those of BC
 - 80.4% (BC) vs. 81.1% (AB)
 - The recovery rate in BC has increased 11% in the last five years without any change in deposit level.
 - By comparison from 2005-2008 Alberta experienced a -2% growth rate in recovery leading to the change in deposits levels.
2. Immediate \$6 million dollar liability to the beverage sector to refund for containers in transit as of the change date.
3. A five cent increase would result in a \$ 49 million cost impact to BC consumer and families at the time of purchase (based on 2010 sales volume).
 - Taking money out of the pockets of families (at least temporarily) for no appreciable impact.

Discussion Recommendations

1. Ensure “apples” to “apples” return rate comparisons with other jurisdictions.
 - Understand what’s included in the rate calculation.
2. Understand what are the most effective ways of identifying where containers are not being recycled.
3. Understand what are effective ways of reaching consumers who don’t consistently recycle.



ENCORP PACIFIC (CANADA)

Beverage Container Regulation MoE Consultation

November 23, 2011



return-it.ca/beverage



How We Got Started

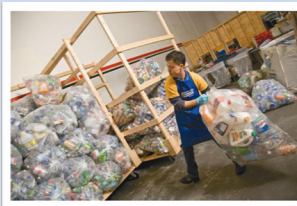
- 1970 - Litter Act
- 1994 - Encorp Pacific Inc. established
- 1997 - Beverage Container Stewardship Program Regulation
- 2004 - Recycling Regulation

return-it.ca/beverage



Who is Encorp?

Federally incorporated, not-for-profit, product stewardship corporation responsible for all non alcohol, as well as beverage alcohol, containers *(except beer cans and refillable beer bottles)*



return-it.ca/beverage



Who is Encorp?



- Used beverage container management is our core business
- Program Manager on behalf of Electronics Stewardship Association of BC
- Manage the Voluntary Milk Program on behalf of the Dairy Council of BC

return-it.ca/beverage



Members

- Beverage Alcohol Containers Management Council
- Canadian Beverage Association
- Canadian Bottled Water Association
- Juice Council of BC
- Retail Council of Canada



return-it.ca/beverage



Our Mandate

- Lowest possible impact on consumer shelf prices
- Consumer friendly & convenient collection points
- Cost based system
- Continuous improvement to exceed 80% recovery

return-it.ca/beverage



Our Mandate

To develop, manage and promote the recycling of used beverage containers through:

- Network of Return It™ Depots & transportation/processing contractors
- Education & Public Awareness



return-it.ca/beverage



How the System is Funded

- Unredeemed Deposits
- Commodity Sales
- Container Recycling Fees (where required)
 - Calculated for each container type
 - No cross-subsidy between container types

return-it.ca/beverage



Annual Revenue & Expenses

Revenues			Average 2007-2011
Deposits on Containers	\$90.2	Million	62%
Container Recycling Fees (CRF)	\$41.7		28%
Commodity Revenue	\$14.7		10%
Total Revenues			100%
Deposit Refunds	\$73.5		50%
Net Revenues	\$73.1		
Total Expenses			

return-it.ca/beverage



Infrastructure

- 172 Return-It Depots
- 360 Grocery Stores
- 220 Government Liquor Stores
- One Billion containers collected and recycled
- 80% recovery rate
- 98,000 metric tonnes recycled (beverages)
- Measured by weight our recovery is 89%

return-it.ca/beverage

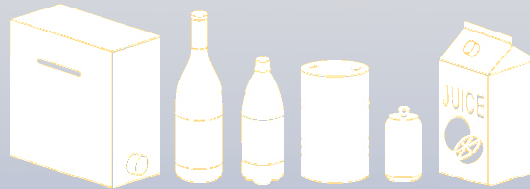


How the System Works

ENCORP receives the Deposits & Container Recycling Fee

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1 BRAND OWNER

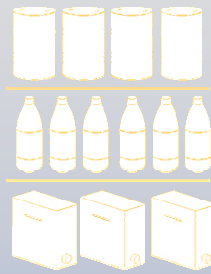
- Brand Owners sell their beverages to the retailer
- Charges the retailer deposits and container recycling fees (CRF)
- Brand Owner pays Encorp the deposits and CRF

return-it.ca/beverage



How the System Works

ENCORP creates industry awareness programs



2 RETAILER

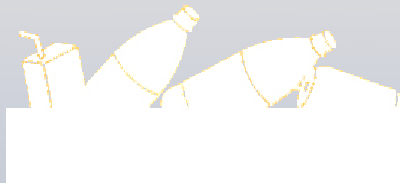
- Retailers pay deposits and CRF to brand owner upon purchase
- Sell beverages and charge consumers deposits and CRF

return-it.ca/beverage



How the System Works

ENCORP creates consumer awareness programs



3 CONSUMER

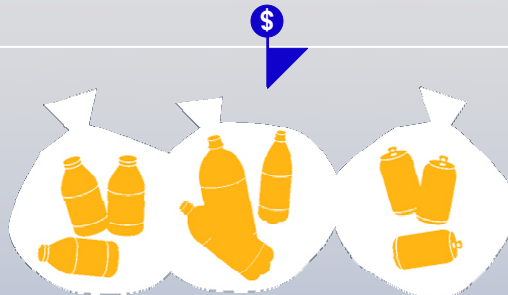
- Pays deposits and CRF
- Takes empty containers to depot
- Receives refund of deposit

return-it.ca/beverage



How the System Works

ENCORP reimburses depots for deposits and pays handling fees



4 DEPOT

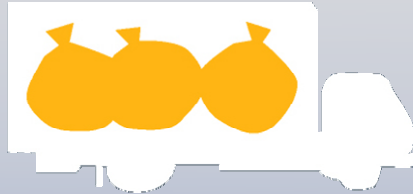
- Depot refunds deposit to consumer
- Depot sorts and bags containers to specifications
- Encorp pays depot deposits and handling fees

return-it.ca/beverage



How the System Works

ENCORP pays fee to transporters



5 TRANSPORTER

- Driver collects full bags and loads truck
- Transports containers to nearest processor
- Encorp pays fee to the transporter

return-it.ca/beverage



How the System Works

ENCORP pays fee to processors



6 PROCESSOR

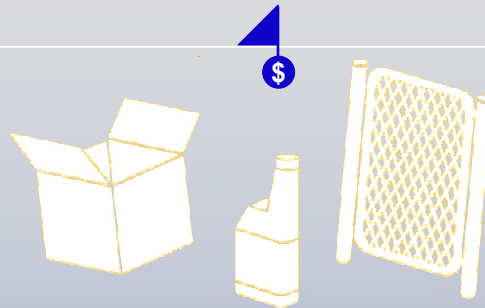
- Processor bales containers to make them easier to ship
- Encorp pays fee to processors

return-it.ca/beverage



How the System Works

ENCORP receives payment from sale of materials



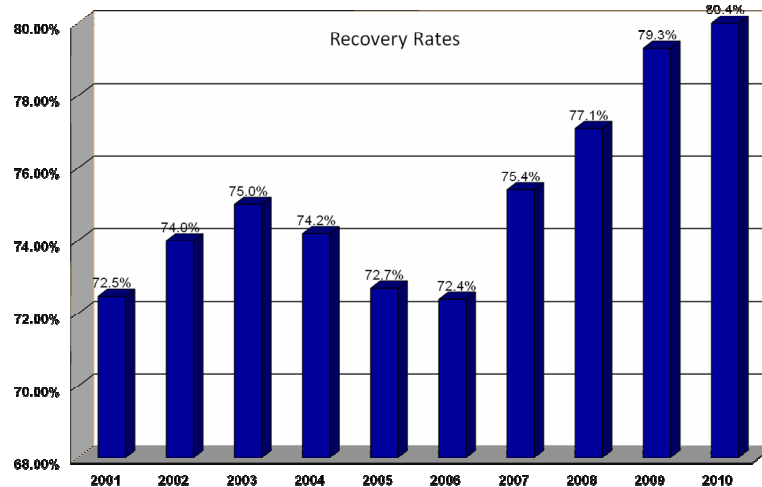
7 RECYCLER

- Recycler converts containers into raw material or new products
- Encorp receives payment – commodity value

return-it.ca/beverage

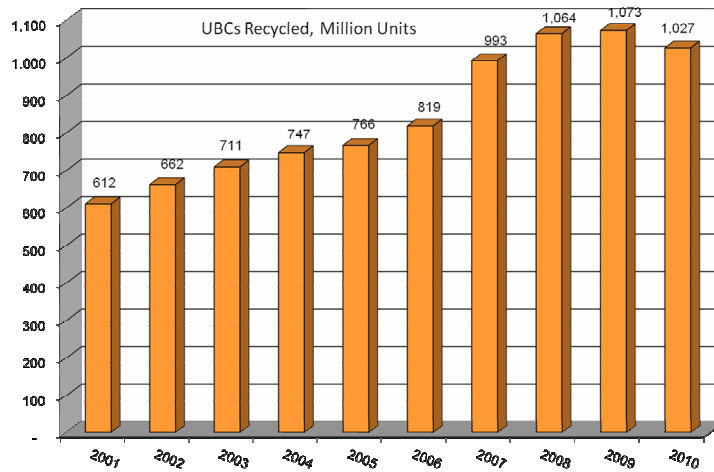


Recovery Rates





UBCs Recycled, million units



return-it.ca/beverage



Questions or Comments?

Website Address: ***return-it.ca***

return-it.ca/beverage

Presentation to the Beverage Container Schedule Review

Vancouver, November 23, 2011

Ann W. Johnston, representing the Public

As you can see, I am here as living proof that the Public is aging!

We—the public, the consumer, the customer—are concerned about our *convenience*, our *taxes* and *environmental impacts* that will affect our children and grandchildren.

Here we have been asked to comment on four issues in this Beverage Container Stewardship review. Unfortunately there is a *fifth* important issue that is missing and that relates to the *little blue cow*!

First, should the deposit levels be raised? **Yes, of course.** Recovery rates are acceptable for the high end materials that are easily recycled. But what about the continual improvement that the Regulation requires? Achieving that—especially for those containers which are discarded *outside* the home—requires a higher incentive if consumers are to dispose of their discards in a responsible way.

Bi-metals, gable-tops, tetra paks and especially *pouches* are not being recovered at an acceptable level. Not only are recovery rates for these materials not high enough, many of them end up being exported to ‘who knows what’ facilities overseas where they are probably handled by low paid labour in questionable facilities and may well end up being incinerated. Who knows? Because of low recovery rates, *unredeemed deposits* subsidize these types of packaging and this makes no sense at all.

And then there is the CRF. It looks like a tax when it is added to the consumer’s receipt at the till. But responsible end-of-life management is *a cost of doing business in British Columbia* and should be reflected as such in the product price—and should not be externalized on the receipt to add costs to the retailer and confusion to the consumer.

Much as it pains me to say this—we need to follow Alberta’s leadership and raise our deposit levels and internalize recycling costs.

Second, should we get rid of ‘return to retail’? **Absolutely not!** I represent the public and, particularly, the senior public and *convenience* is the name of the game! We want to take our bottles back to the store where we bought them and where we can recoup our deposits. Some of us do not drive, or have problems walking extended distances. Increasingly, the public are cyclists who shop at local stores. *All of us*, find some way to get back and forth from our local grocery store. They are selling us these beverages so, *of course*, they should take the containers back!

This system has worked well since 1997 and should continue.

Third, refill provisions. What is the problem? The domestic beer industry has had the highest return rates at the least ecological cost since the beginning of the last century. If imported beer comes in containers that cannot be refilled or recycled, it should be turned back at the border.

Fourth, the recyclability provision. This is where we meet the fiery issue of the 3 R's plus *recovery*—which we all know means *incineration* in one form or another.

The Recycling Regulation states that products shall not be manufactured, imported or sold in BC if they are not packaged in materials that are refillable or recyclable. **We must not only retain this provision but we must begin to enforce it.** Many of the 'garbage' containers which cannot be easily or fully recycled and which get ship overseas for processing should *never* have been allowed to be sold in BC in the first place. This type of packaging should either be reusable or recyclable----or it should go back to industries' *idea* teams with directions to come up with a design using materials that are good for the environment—Df E.

As to incineration: I am adamantly against it as it destroys materials which have reuse potential. It therefore increases the demand for the 'mining' of non-renewable materials and it produces pollution, if only in particles of nano size which can go directly into our lungs and blood stream. I know that this has been a contentious issue here in the Metro area and it will become one in the Capital Regional District when the public is finally allowed to see it raise its ugly head there.

The three R's—Reduce, Reuse, Recycle are still where it is at. We should add a 4th R at the top of the list—REFUSE to buy products that cannot be responsibly disposed of.

And as to the Fifth invisible issue—why does the Dairy Council still have BC's Ministry of the Environment in thrall? It is embarrassing. The cowboys in Alberta are again showing us up as gutless wonders on this issue.

In closing, although I do *not* want to see Encorp build an even bigger empire, I do want to say that I think that Encorp has done a remarkable job in its beverage container public education program. Thank you, Sandy!

And--although some of you know that I never have been known for welcoming 'experts' from Ontario who come out here to tell us how to run our EPR programs in BC—in this case the Ministry got it right when they chose Clarissa Morawski to conduct this study as she is the acknowledged North American expert on beverage container recycling programs.

Beverage Container Program Consultation

Andrew Doi
Environmental Planner
Metro Vancouver
November 23, 2011



metro
vancouver

www.metrovancouver.org

Deposit-Refund Levels

- Beverage containers in the garbage



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Retail Collection

- 'On-The-Go' consumption
- Service in high density areas
- Streetscape collection for Packaging and Printed Paper EPR



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Container Design/Management

- Encourage a shift to closed loop refillable and recycling systems
- Beer: Industry Standard Bottle
- Milk: Avalon Dairy deposit on milk containers.



metro
vancouver

Retail Council of Canada (RCC)

- Retail Council of Canada (RCC) has been the Voice of Retail in Canada since 1963.
- RCC is a not-for-profit, industry-funded association representing more than 45,000 store fronts of all retail formats across Canada, including grocery, department, specialty, discount, and independent stores, and online merchants.
- RCC is a strong advocate for retailing in Canada and works with all levels of government and other stakeholders to support employment growth and career opportunities in retail.
- New grocery division taking over responsibilities formerly handled by the Canadian Council of Grocery Distributors (CCGD)



Issues of Concern to Retailers

- Return-to-Retail Requirement
- Increase to Deposit Rates



RCC's Position on Return-to-Retail

- RCC and its members support Extended Producer Responsibility (EPR) programs
- RCC and its members do not support any legislated or regulatory requirements that used or leftover consumer products and packaging be returned to retail
- However, RCC supports retailers that wish to provide a service to their customers in taking back used or leftover products and packaging and expects that EPR programs should recognize these voluntary programs and allow the retailers the flexibility to operate them



Return-to-Retail - Background

- In 1970, BC was the first jurisdiction in North America to implement a refund requirement for carbonated beverages, including soft drinks and beer, under the *Litter Act*, with a mandatory system for return to retail
- In the December 5, 1997, the *Beverage Container Stewardship Program Regulation* (BCSPR) required that all ready-to-drink beverages other than milk be included under a deposit/refund system
- The BCSPR included a requirement for all retailers of beverages to accept back a minimum of 24 containers per person per day



The Decline of Return-to-Retail

- The depot system is reaching maturation with less than 10 percent of non-alcoholic containers now being returned to retail outlets. Back in 1994, over 80% of containers were returned to grocery stores
- As the level of containers returning to retail stores continues to drop, it becomes increasingly inefficient to have trucks picking up small amounts of containers from retail stores
- This inefficiency has an environmental impact as well, as these trucks generate significant greenhouse gas emissions in relation to the small amount of material being recovered at retail stores



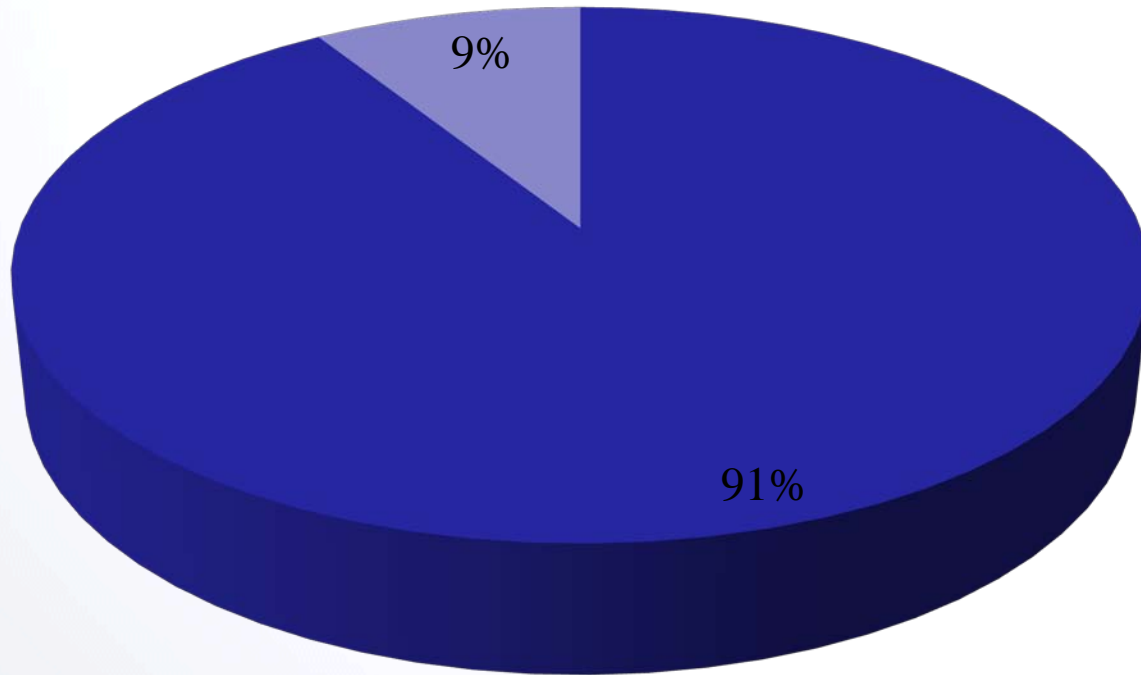
The Decline of Return-to-Retail

- In terms of gross volumes, grocery retailers today only collect approximately 80 million of the 1 billion non-alcoholic used beverage containers (UBCs) collected annually; an additional 8-9 million collected by depots from other grocer retailers and convenience stores.
- The average number of containers per pick up at grocery stores is 2,400 containers compared to 23,700 for depot pick ups.
- The average cost of picking up and transporting containers from grocery stores is three times the cost of picking them up from a depot



Non-Alcoholic Container Returns

■ 170 Depots ■ 360 Grocery Stores



Retailer Concerns

- Labour Cost and Infrastructure – Leasing and labour costs are structural barriers for retailers to realize any profit from UBCs
- Food Safety – Grocers have expressed strong concerns about the presence of used beverage containers in their stores given the heightened consumer concern over food safety in recent years
- Uneven Playing Field – The Ministry of Environment does not have the resources to ensure that everyone complies with the return-to-retail requirements and has therefore created an unlevel playing field in the retail sector



The Evolution of Depots

- Another factor that has to be considered in the discussion regarding return-to-retail is the evolution of the depot system
- Over the past five years, depots have become a collection channel for a range of other materials including household hazardous waste, electronics and small appliances
- This has led to increased consumer convenience through a “one-stop drop” system for recycling a number of different products



Evolution of Depots

- Elimination of return-to-retail for non-alcoholic containers, where feasible, will provide depots in the province with access to additional material that will increase their profitability
- If the depots are to remain the backbone of the recycling system in BC, we must complete the shift from a return-to-retail model and allow them access to as many used beverage containers as possible
- This is especially important given the decline in sale of non-alcoholic beverage containers, and thereby a decrease in revenue for depots, and increasing costs such as the phased 25% increase in the minimum wage



Our Proposal

- Eliminate the mandatory return-to-retail requirement for non-alcoholic containers under the Beverage Container Regulation
- Implement a phased withdrawal from return-to-retail (perhaps by regional district) for non-alcoholic containers supported by a strong public education campaign
- Understand that due to significant differences in the depot infrastructure, a one-size solution is likely not workable



Recognizing Regional Differences

- There are currently areas in BC that lack adequate depot infrastructure and where retail stores may need to continue to provide return-to-retail service until alternative collection options can be developed
- There are some remote areas of the province where exemption from return-to-retail is not practical and continued support from retailers would be required
- In the remainder of the province, a phased transition from return-to-retail could be implemented with the support of Encorp, the depot operators and a strong public awareness program



Proposal Focused on Non-Alcoholic Containers

- Our assumption is that the producers and retailers of alcoholic containers will have their own viewpoint on what works best for their products and containers
- Our proposal is focused solely on developing a solution for non-alcoholic containers, where it is clear that return-to-retail is not required to ensure that we have a viable collection system for these containers
- If the producers of alcoholic containers wish to maintain the return-to-retail requirement, we believe the regulation should be amended to make it specific to alcoholic containers



Why Act Now?

- Long-term trend for non-alcoholic containers is a shift away from return-to-retail towards depots, where consumers can drop off a wider range of products beyond beverage containers
- If long-term increases in energy and transportation costs are factored into the equation, it is clear that mandatory return-to-retail is an increasingly inefficient system that must be addressed for both business and environmental reasons
- Our preference is to work with the government, depots and Encorp to implement a strategic transition that mitigates the impact on consumers rather than waiting until the system is in crisis to initiate this change



Deposit Levels

- Recovery rates in BC are on par with those in Alberta, which has higher deposit rates
- The overall impact on consumers of raising the deposit from five cents to 10 cents is approximately \$49 million
- In the absence of any evidence that an increase would lead to a substantial improvement in performance, RCC and our members could not support an increase in deposit levels at this time



Questions?

alangdon@retailcouncil.org

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December 14, 2011

Mr. David Ranson
Director, Environmental Management Act
Industry Product Stewardship
British Columbia Ministry of Environment
Province of British Columbia
Post Office Box 9341 – Station Provincial Government
Victoria, British Columbia
V8W 9M1
Fax: (250) 356-7197
Email: david.ranson@gov.bc.ca

Dear Mr. Ranson;

Canadian Springs is an established part of British Columbia's bottled water industry, so we are writing in response to your Ministry's request for our views about the current regulations of the beverage container product category. This letter forms part of the stakeholders consultation held in Vancouver on November 23, 2011 by the Ministry and the following are our views of the regulations:

1. **Adequacy of current deposit-refund levels** – Canadian Springs produces large format returnable refillable bottled water with its unique ten dollar bottle deposit that is independent from the BC beverage bottle stewardship system. This independent, high deposit/return system results in a world class 99.8% return rate of our water bottles, a rate second to none. However, we have produced in the past, and continue to experiment with producing single use bottles for certain consumer and industrial markets that require such a water bottle instead of a refillable bottle. At one point in 2008, we introduced a \$0.25 deposit 500ml water bottle in BC that was exempt from the BC stewardship plan as it was for our direct delivery customers only which would not have to be managed by Encorp Pacific (we discontinued this program after one year). Even though it represents only one percent of our BC sales, we continue to buy and then resell small format single use water bottles produced by other bottled water companies in BC, again for those customers that need such a bottle format. Our experience is that higher bottle deposits result in better return rates for recycling purposes for any size or format water bottle. We do acknowledge that other methods for collecting empty bottles are probably effective for increasing collection rates over 80% in the province, such as public space recycling programs, but these programs can co-exist with increased deposit rates or an increased flat rate for any sized bottle;

2. **Retail collection requirements** – Canadian Springs feels very strongly that the return to retail requirement for empty bottles must stay in place. If this is changed, our returnable/refillable bottle program with retail stores that has existed for a number of decades would promptly end. It only makes sense that the greater number of locations a customer can return empty bottles, the more likely it is that return rates would increase. However, specifically for returnable/refillable bottles sold in retail stores, the current requirement is the only thing that enables this bottle format to function for retail customers. This is true even if Canadian Springs chooses to sell single use bottle formats through retail stores, the current regulation accommodates both bottle formats, but the reverse would not be true; and
3. **Container design/management requirements (containers must be refilled or recycled)** – Canadian Springs supports non-regulatory mechanisms that promote refillable bottles for all beverages. Our experience is that refillable bottles managed properly can virtually eliminate bottles from waste streams. Smaller format refillable bottles may not result in virtually 100% return rates that larger format bottles have, but examples of small format refillable programs in Europe and elsewhere show a fantastic return rate and fewer discarded bottles in the waste stream.

Finally for your consideration, we have attached a document showing that the lifecycle analysis (LCA) of our returnable refillable bottles result in far lower levels of total energy use, total packaging material and total GHGs compared to single use bottles. If refillables for all beverages can be further encouraged, while acknowledging that single use bottles are better suited to certain markets and regions, there would result in an overall win for the environment and our BC communities. We hope the percent of refillable bottles sold in BC greatly increases compared to single use bottles for all beverages.

We appreciate this stakeholder consultation process and thank you for accepting our thoughts on it.

Should you have any questions or comments, please do not hesitate to contact me through my direct line; (604) 232-7638, or mobile (604)-762-5053 or via email; mengo.mccall@canadiansprings.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Mengo McCall".

Mengo McCall
Canadian Springs

British Columbia Beverage Container Deposit Review – December 2011**I Introduction:**

The Canadian Beverage Association (CBA), on behalf of the Canadian non-alcoholic beverage sector, is pleased to provide the following submission on key elements of British Columbia's review of the Beverage Container Product Category in the Recycling Regulation.

It is CBA's position that:

1. An increase in the deposit rate is not warranted based on the steadily increasing return rate in British Columbia, and that the beverage sector can best continue to increase return rates through effective communications, public awareness and programs that specifically target areas where beverage container return rates can be optimized.
2. Given the high return to depot vs. return to retail rate that the government should give consideration to making the return to retail requirements voluntary in areas where there is adequate depot coverage. This will
 - a. drive more returns to depots ensuring increased revenues for the operators
 - b. Improve the efficiency of the Encorp system freeing up resources that can be better applied to programs that specifically target areas where beverage container return rates can be optimized.
3. For beverage container materials for which there is no viable end market or where recycling is not feasible (such as stand up laminated juice pouches) the government should give consideration to permitting energy recovery as a next best option. However, conditions for when this option can or cannot be used should be clearly defined by the government.
4. Lastly in assessing the effectiveness of beverage container deposits and management systems the government must be careful to ensure "apples" to "apples" comparisons given that different container types are included based on province, programs and geography vary greatly and different return mechanisms are utilized. Simply stated, comparisons cannot be made between deposit programs which vary greatly in their scope and management in order to justify higher deposit rates. That being said it is important to note that despite differing deposit levels return rates between Alberta and British Columbia are virtually identical when an "apples" to "apples" comparison is undertaken.

The Canadian Beverage Association is the national industry association representing the broad spectrum of brands and companies that manufacture and distribute the majority of non-alcoholic liquid refreshment beverages consumed in Canada. The association represents more than 60 brands of juices, juice drinks, bottled waters, sports drinks, ready-to-serve iced teas and coffees, new-alternative beverages, carbonated soft drinks, energy drinks, and other non-alcoholic beverages. CBA and its members were founding partners in Encorp Pacific Canada and we are pleased to support Encorp Pacific (Canada) as the most progressive and effective deposit

system stewardship agency in Canada. More information on the CBA is available from <http://www.canadianbeverage.ca/>

II No Need to adjust Deposit Level:

Given the performance of Encorp Pacific there is no need to increase the deposit rate.

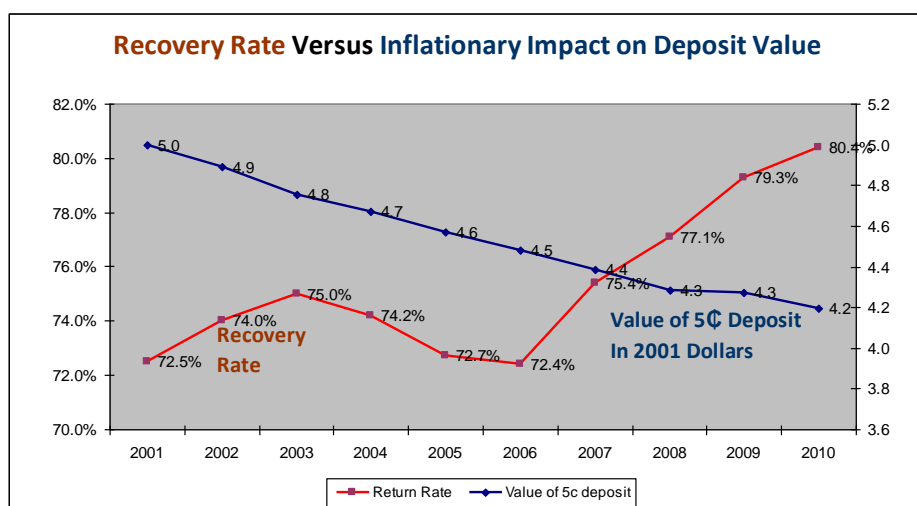
British Columbia's deposits on non-alcoholic beverage containers ranges from \$.05 to \$.20 per container based on container size¹. This rate has remained unchanged since the creation of Encorp Pacific. Over the same period the return rate in British Columbia for container covered under the Encorp Pacific Stewardship plan continue to increase. In fact the return rate has increased 11% over the last five years with only a modest increase* in 2007 resulting from the inclusion of wine bottles and spirits containers in the system.

	2006	2007*	2008	2009	2010
Recovery ² Rates	72.4%	76.1%	77.1%	79.3%	80.4%

In 2010 Encorp Pacific reported a recovery rate of 80.4% and ABCRC from AB reported a slightly higher recovery rate of 81.1%. British Columbia has a 5 cent and 20 cent deposit rate and Alberta has a 10 cent and 25 cent deposit rate on their containers (see appendix A)

The belief that deposit rates are the primary that recovery is driven by the deposit level or the value of the deposit is a misnomer. In a 2008 survey conducted by IPSOS Reid for Encorp ***"The vast majority of British Columbians (72%) said that increasing the deposit on beverage containers by an unspecified amount would make no difference to whether or not they would return the containers to collect the refund on the deposit they paid"***³

This fact is clearly demonstrated when the beverage container return rate is compared with impact of inflation on the value (purchasing power) of the deposit as seen below.



¹ http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/449_2004

² Source: Encorp Pacific Canada

³ Impact of Increased Deposit Levels on Return Behaviour, IPSOS Reid February 2008

If deposit levels were the primary driver, then return rates for the period would have declined since 2001 by a corresponding 16% as opposed to increasing by 11%.

It is the CBA's perspective that the key to driving recovery rates is effective Consumer P&E (Promotion & Education) and developing programs that target the locations of non-recycled containers (away from home), especially given that an estimated 30% of the non-alcohol beverages consumed in Canada are consumed in the away from home market.

III Effective Consumer P&E and Innovative Programs are the Key to Driving Increase in the return rates.

British Columbia consumers return and recycle beverage containers for a variety of reasons, including,

- Consumers convenience & location
- Awareness of the “right thing to do” – supported by public information campaigns
- 40 years of experience – it has become a habitual behaviour
- The deposit
- Demographics.

Based on experience in various jurisdictions the beverage industry supports consumer promotion and education (P&E) and the development of innovative programs to target containers not getting recycled as the best way to influence consumers to continue to recycle and to drive increases in the return rate.

To that end every year Encorp Pacific invests ever increasing resources to designing new programs and promoting recycling, for example:

- In 2010 Encorp spends approximately \$4 million⁴ on programs to increase recovery rates including consumer awareness and public education (examples of effective campaigns include “don’t mess with Karma” and “the container adventure”⁵). We believe this amount is more than any other BC stewardship group spends on programs.
- In order to target containers in the away from home market as well as challenging markets (multi-family residential) Encorp has developed a suite of programs to drive recovery from difficult to service areas. These include: Return-it-at-work, festival and event recycling, school recycling programs, and the use of third party collectors or mobile depots.
- Lastly in order to ensure high levels of return to depots and ensure a pleasant customer service environment for consumers Encorp has developed and implemented programs such as return-it-and-win and the 3 and 5 star depot accreditation program.

⁴ <http://www.return-it.ca/ar2010/index.html>

⁵ <http://www.youtube.com/user/EncorpPacific#p/u>

It is the perspective of the Canadian beverage association that rather than focusing on deposit rate increases (that will have a marginal at best impact) the government should encourage Encorp Pacific to continue and expand with programs such as those described above.

IV Impacts of Raising the Deposit Rate:

1. ***Negligible (if any impact) on return rates.*** An “apples” to “apples” comparison between Alberta (81.1%) and British Columbia (80.4%) shows virtually identical return rates while Alberta’s deposit rates are basically double those of BC
 - The recovery rate in BC has increased 11% in the last five years without any change in deposit level.
 - By comparison from 2005-2008 Alberta experienced a -2% growth rate in recovery leading to the change in deposits levels.
2. ***Immediate \$6 million dollar liability*** which would have to be absorbed by the beverage sector due to a potential deposit increase to refund for containers in transit as of the change date.
3. ***Significant impact to the BC consumer.*** A five cent increase would result in a \$49 million cost impact to BC consumer and families at the time of purchase (based on 2010 sales volume).
 - Taking money out of the pockets of families (at least temporarily) for no appreciable impact.

V Return to Retail:

The Canadian Beverage Association supports an orderly and thoughtful approach to reducing the return-to-retail burden on retailers in British Columbia.

For the sake of fairness it is important to note that when the Encorp Pacific System was established the original regulation was to enable an exit to return to retail once return to depot vs. return to retail hit 85%. This rate was achieved many years ago, however in the intervening years the regulation was amended to remove that regulatory path.

At present Encorp Pacific collects containers from its 172 depots, plus 360 grocery retailers and approximately 200 government liquor stores throughout the province (Encorp network). Of the 1 billion containers collected annually through the Encorp network 90% (of all non-alcohol) containers are collected directly from the 172 depots. The other 10% of the containers (or 80 million units annually) are collected through the 360 grocery retailers. Further details on retail collection include:

- It is estimated that 8-9 million units annually are collected by the depots from other grocery retailers such as the convenience stores.

- Each pickup from a grocery store contains 2,400 used beverage containers (UBCs) on average whereas an average pick up from a depot contains 23,700 UBCs.⁶
- The approximate cost to pick up and transport UBCs from grocery retailers is three times the cost from picking up and transporting UBCs from a depot.⁷

CBA supports amending the regulation to allow the requirement for return to retail to become voluntary in those jurisdictions where there is adequate depot coverage. The term adequate coverage will have to be defined by the Ministry of the Environment. The benefits of such an approach include:

- Addressing a long standing grievance of grocery retailers across the province; an important and increasingly burdened constituent from a stewardship perspective.
- Driving more returns through depot increasing their revenue generation opportunities.
- Permitting a more effective use of financial resources for Encorp Pacific; resources that can be better used to focus on new programs and consumer P&E to drive increases in the return rate.
- Reduces transportation impacts from the collection of a relatively small amount of UBCs from a large number of locations.

VI Energy From Waste/Recyclability of Containers

The Canadian Beverage Association supports the inclusion of waste to energy in the waste management hierarchy for beverage containers where recycling is a) not possible b) where no viable end market practically exists or c) where the cost of materials management is significantly higher compared to mainstream materials.

Currently the BC Recycling Regulation (Part 2, section 3) outlines the pollution prevention hierarchy in descending order of preference from (a) reduce the environmental impact of producing the product by eliminating toxic components and increasing energy and resource efficiency to (f) recover material or energy from the product and to (g) otherwise dispose of the waste from the product in the compliance with the Act. However in Schedule 1 (section 8(2)) does not allow beverage containers to be land filled or incinerated.

Schedule 1 is inconsistent with the Recycling Regulation and is inconsistent with respect that all the other approved stewardship plans are allowed to follow the pollution hierarchy which includes waste to energy.

There are few instances of a small number of containers (both in numbers and overall tonnage) where no viable end market practically exists. A case study is provided as Appendix B. Allowing these containers to be used for energy recovery under very specific conditions (as defined by the BC Ministry of the Environment) will provide a very practical and viable method to obtain some environmental benefit from the material and should therefore be considered.

⁶ Souce: Encorp Pacific

⁷ Source: Encorp Pacific

VII Conclusion:

The Canadian Beverage Association that the British Columbia Ministry of the Environment for providing the sector the opportunity to provide its input into this important review.

In Summary our position is that:

1. An increase in the deposit rate is not warranted based on the steadily increasing return rate in British Columbia.
2. The beverage sector can best continue to increase return rates through effective communications, public awareness and programs that specifically target areas where beverage container return rates can be optimized.
3. Given the high return to depot vs. return to retail rate that the government should give consideration to making the return to retail requirements voluntary in areas where there is adequate depot coverage. This will a) drive more returns to depots ensuring increased revenues for the operators and b) Improve the efficiency of the Encorp system freeing up resources that can be better applied to programs that specifically target areas where beverage container return rates can be optimized.
4. For beverage container materials for which there is no viable end market or where recycling is not feasible (such as stand up laminated juice pouches) the government should give consideration to permitting energy recovery as a next best option. However, conditions for when this option can or cannot be used should be clearly defined by the government.

Appendix A: Return Rates AB vs. BC by Container Type.

Below is the detailed comparison of recovery rates by container type compared between BC and Alberta. The table reflects the annual 2010 recovery rate.

Encorp Pacific has a recovery rate of 80.4% and ABCRC from AB reported a slightly higher recovery rate of 81.1%. British Columbia has a 5 cent and 20 cent deposit rate and Alberta has a 10 cent and 25 cent deposit rate on their containers.

**ENCORP PACIFIC (CANADA) and ABCRC
Container Comparison
January 1 to December 31, 2010**

	Containers Sold		Containers Recovered		Recovery Rate	
	Encorp	ABCRC	Encorp	ABCRC	Encorp	ABCRC
Aluminum	437,430,646	520,364,551	365,461,828	458,702,778	83.5%	88.2%
Plastic ≤ 1L ¹	380,805,378	508,445,825	291,142,611	399,254,334	76.5%	78.5%
Plastic > 1L ¹	72,584,530	137,352,141	64,056,284	118,659,969	88.3%	86.4%
Glass ≤ 1L	217,550,465	104,893,811	203,314,483	94,688,224	93.5%	90.3%
Glass > 1L	12,386,894	8,517,982	11,236,240	7,639,024	90.7%	89.7%
Bi-Metal ≤ 1L	3,286,487	4,075,754	2,289,901	3,766,734	69.7%	92.4%
Bi-Metal > 1L	949,211	1,207,705	500,264	653,846	52.7%	54.1%
Bag-in-Box	2,425,280	846,780	1,075,712	402,252	44.4%	47.5%
Pouches	13,424,429	24,126,659	6,061,228	17,735,541	45.2%	73.5%
Sub - total	<u>1,140,843,320</u>	<u>1,309,831,208</u>	<u>945,138,551</u>	<u>1,101,502,702</u>	<u>82.8%</u>	<u>84.1%</u>
Drink Box ≤ 1L ²	121,833,264	133,263,280	71,845,714	91,256,893	59.0%	68.5%
Gable Top ≤ 1L ³	2,478,034	65,008,181	678,666	32,528,700	27.4%	50.0%
Gable Top > 1L	<u>12,351,720</u>	<u>40,542,930</u>	<u>9,442,391</u>	<u>30,152,660</u>	<u>76.4%</u>	<u>74.4%</u>
Sub - total	<u>136,663,018</u>	<u>238,814,391</u>	<u>81,966,771</u>	<u>153,938,253</u>	<u>60.0%</u>	<u>64.5%</u>
Totals	<u>1,277,506,339</u>	<u>1,548,645,599</u>	<u>1,027,105,322</u>	<u>1,255,440,955</u>	<u>80.4%</u>	<u>81.1%</u>

Note: The following adjustments were made for comparative purposes:

- 1) Plastic containers include (PET, HDPE, PVC and Polystyrene).
- 2) Encorp's Drink Box 0 to 500 ml and 501 ml to 1L are combined.
- 3) Encorp's Gable Top 0 to 500 ml and 501 ml to 1L are combined.
- 4) From 01 June 2009, ABCRC's Plastic and Gable Tops include Milk Containers.

Appendix B: Case Study for EFW:

Stand Up Pouches are made up of a composite of aluminum and plastic material and require a very unique process to have this material recycled. Since 2000, Encorp has done an extensive search to find a processor that can recycle this material.

In 2006, Encorp sourced out an aluminum recycler in Borgofranco, Italy that took a shipment (25,000 kgs.). The cost to recycle this material was **\$2.25 per kg.** (\$2,250 per tonne) or \$56,000 CAD for a trailer load. Unfortunately this plant permanently closed its facility in 2007.

The \$2,250 per tonne is significant compared to recycling of glass which is also a challenging commodity and is approximately \$150 per tonne.

On an annual basis Encorp will collect 36 tonnes of this material for recycling which represents 0.04% of Encorp's entire volume (98,000 tonnes) by weight (or 0.6% by units).

To date, Encorp has been sending some of this material to various processors on a periodic basis to evaluate the possibility of having the material recycled. The majority of the material has been stored until such time an acceptable solution is accepted.

As part of the ongoing research, Encorp has been able to identify a possible solution. A local processor will process stand up pouches to its specifications and blend it with another commodity material; which will be used as an energy source for a manufacturing plant in the Metro Vancouver.



December 16, 2011

Mr. David Ranson
Director, Environmental Management Act
Industry Product Stewardship
British Columbia Ministry of Environment
Province of British Columbia
Post Office Box 9341 – Station Provincial Government
Victoria, British Columbia
V8W 9M1
Fax: (250) 356-7197
Email: david.ranson@gov.bc.ca

Dear Mr. Ranson;

As the industry association representing manufacturers of bottled water produced in British Columbia (both single-use and refillable 18-litre packaging), the Canadian Bottled Water Association (CBWA) is writing in response to your Ministry's request for views about the current recycling regulation, beverage container product category.

Specifically, you have asked for opinions about the following matters:

1. Adequacy of current deposit-refund levels;
2. Mandatory retail collection requirements; and
3. Container design/management requirements.

Our thoughts are as follows:

1. **Adequacy of current deposit-refund levels** – British Columbia beverage steward Encorp Pacific recently reported that almost 81% of beverage containers were diverted from landfill across the province last year. That's almost 6% ahead of your Ministry's 75% diversion requirement of the industry. The current deposit-refund level is working. Given the current state of the province's economy, it would be unwise to increase deposit-refund levels to capture the remainder. Rather, it would be prudent to consult with the beverage industry as to how it plans to divert the remainder of its packaging from landfill;

2. **Retail collection requirements** – Given the success of the depot network established by Encorp Pacific to capture recyclables, it is unnecessary to continue to require the retail sector to accept single-use beverage containers, other than in those jurisdictions where there is no depot system in place. Retailers should have the option of accepting single-use beverage containers, other than as earlier noted;

Specific to the bottled water industry, there are two distinct different segments of the market and producers. In addition to the single-use bottled water containers, the industry also provides product in returnable/refillable 18-litre water bottles. These containers are often purchased and returned at the retail to allow the producers to efficiently pick up all empty bottles for proper sanitation, refill at their bottled water food manufacturing facility and then return for sale back to the retailer. In the particular situation (returnable/refillable), it is necessary to have the retail sector to accept returnable/refillable 18-litre water bottles; and

3. **Container design/management requirements (containers must be refilled or recycled)** – All single-use beverage and returnable/refillable 18-litre containers sold in British Columbia can be recycled, except those that are contaminated through the collection process. It is recommended that they be used as a fuel source in an energy-from-waste application, given their BTU value. It is far better to gain an energy benefit from a contaminated beverage container than to landfill it.

Given that it has been acknowledged by government and industry here and abroad that Encorp Pacific is one of the most well-managed industry stewardship organizations in North America and, further, given that your Ministry has regularly deployed Encorp Pacific staff and Board members in its efforts to educate other stewards in British Columbia about proper environmental sustainability practices, I am confident that the organization and its industry members are capable of continuing to increase recycling rates for their packaging under the existing regulation.



-3-

Thank-you for the opportunity to offer our thoughts about your Ministry's current recycling regulation for beverage containers.

Should you have any questions or comments, please do not hesitate to contact me at your earliest convenience by telephone at (905) 886-6928 or via email at griswold@cbwa.ca.

Sincerely,

A handwritten signature in black ink that reads "Elizabeth Griswold". The script is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Elizabeth Griswold
Executive Director
Telephone: (905) 886-6928

November 30, 2011

BC Ministry of Environment
Industry Product Stewardship
PO Box 9341 Stn Prov Govt
Victoria, BC
V8W 9M1

Comment Submission to the British Columbia Ministry of Environment

RE: Comments on the Ministry of Environment's Consultation on the Beverage Container Product Category in the Recycling Regulation

The Carton Council of Canada (CCC) is a newly formed industry association of carton packaging manufacturers and other stakeholders that is dedicated to promoting the environmental performance of paper-based food and beverage cartons. Our ambition is to improve carton collection and recycling programs across Canada. As a newly formed industry association, we are actively engaging in waste diversion policy development in a number of provinces to proactively support effective and efficient waste diversion in Canada.

The Carton Council of Canada would like to commend the Ministry of Environment's endeavor to facilitate a consultation on British Columbia's beverage container product category. While we should celebrate the success of the deposit-refund program and acknowledge that it continues to surpass regulatory expectations, redemption rates remain static and a conversation regarding how to optimize program performance is timely. The Carton Council of Canada appreciates the opportunity to submit comments on the provisions under review that are of most direct concern to our members.

Deposit-Refund Levels

While deposits are administratively costly and therefore not ideal from an industry perspective, we do recognize the high recovery rates they achieve. That being said, we do not support an increase in deposit levels because in a highly effective deposit system, like that of British Columbia, an increase in deposit levels will likely yield only a marginal increase in redemption rates. The financial burden on industry and consumers is not justified by the small improvement in performance. Furthermore, increasing deposit levels would have a detrimental impact on the sale of small, lower cost beverage products.

We feel that it is more effective to focus efforts on improving away-from-home collection of used beverage containers which increases access to recycling, curtails litter and adheres to the

The Carton Council of Canada is a group of packaging companies and other stakeholders dedicated to advancing the environmental performance of food and beverage cartons. Members include Elopak, Evergreen, SIG Combibloc, and Tetra Pak.

objective of minimizing the financial impact on consumers. The Carton Council would however support a Ministry review involving an assessment of the potential benefits and risks of a one-tier deposit level if this effort was coordinated with other provinces to promote a harmonized approach and ensure there is no extra financial burden on the consumer.

The Carton Council would also like to highlight the impact of deposits on multi-unit retail packages. The intended benefit of this packaging format to consumers is increased affordability and accessibility to those who need it most. However, in British Columbia, each unit attracts a deposit, regardless of whether the unit is sold individually or in a multi-pack. This requirement should be reconsidered given that it:

- Represents a higher proportion of the total price on single-serve units; and
- Is unfair to the consumer who is buying multi-unit packs to stretch their dollar further and improve convenience

Given that the British Columbia beverage container deposit program is a proven success that has exceeded all objectives and material redemption targets, this provision should be left unchanged and a strategy that enhances collection options for consumers should be prioritized.

Container Design and Management Requirements

One of the overarching goals stated in the Ministry of Environment's consultation workshop slides¹ was to improve performance by facilitating refilling. We very much support the position that many brand owners and retailers have expressed in the past: the use of refillable containers is and should remain a commercial decision and government should maintain its neutral stance on this issue. Packaging design and engineering decisions consider a very broad and substantive list of sustainability indicators that have been developed as part of a lifecycle framework. Our members are committed to endorsing the Global Packaging Project Sustainability (GPPS) metrics which were developed successfully with broad industry collaboration.

In line with our members' efforts to evaluate their packaging and its impacts more broadly, we encourage the Ministry to investigate a wider range of diversion options that facilitate a transition from a 2R approach to a 3R waste hierarchy (Prevention, Recovery, Landfill) consistent with other stewardship programs in British Columbia. A 3R hierarchy will prioritize waste prevention while providing industry with the flexibility to choose the most appropriate means of recovery (reuse, recycling, energy recovery, composting, etc.) that delivers the best overall environmental outcome from a lifecycle perspective. Especially in the case of difficult-to-recycle

¹ http://rcbc.bc.ca/files/u7/epr_111123_BeverageWorkshopNov232011.pdf

The Carton Council of Canada is a group of packaging companies and other stakeholders dedicated to advancing the environmental performance of food and beverage cartons. Members include Elopak, Evergreen, SIG Combibloc, and Tetra Pak.

materials, it is imperative that we expand our approach to enhance diversion and minimize the impact on our landfills.

The current provision that containers must be recycled or refilled is restrictively narrow and may result in a number of unintended consequences. Firstly, the provision emphasizes the wrong level of the “R’s” hierarchy. For instance, favouring recycling and refilling over reduction could result in packaging choices that inherently use more materials, resources or have a greater environmental footprint. Secondly, given that recycling is not optimal for all materials, the Recycling Regulation must be made flexible to ensure that stakeholders can communicate to consumers with confidence that used beverage containers are being appropriately diverted from landfill. Our members are hopeful that this issue is considered objectively to ensure bias toward any particular means of diversion is avoided.

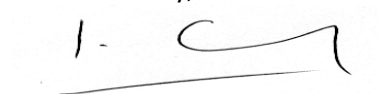
Our Recommendation

On behalf of our members, we support maintaining current deposit levels and prioritizing activities that enhance recycling infrastructure in away-from-home environments such as parks, streetscapes and other public spaces. We feel that efforts to capture beverage containers away from home will have a greater impact on recovery rates than an increase in deposit levels while minimizing the financial impact on consumers.

We also believe there is an opportunity to improve program performance by moving toward a 3R approach to container management and encourage the government to investigate any and all options to divert material from landfill.

In closing, the Carton Council of Canada commend the Ministry of Environment on the discussion it is promoting among stakeholders to improve the performance of British Columbia’s deposit-refund program. Thank you again for the opportunity to comment on this consultation and we look forward to working closely with government to ensure the program’s continued success.

Yours Sincerely,



Elisabeth Comere
VP, Government Affairs
Carton Council of Canada

The Carton Council of Canada is a group of packaging companies and other stakeholders dedicated to advancing the environmental performance of food and beverage cartons. Members include Elopak, Evergreen, SIG Combibloc, and Tetra Pak.



1-1950 Windsor Rd.
Kelowna, BC V1Y 4J8

December 1, 2011

Mr. David Ranson
Director, Environmental Management Act
Industry Product Stewardship
British Columbia Ministry of Environment
Province of British Columbia
Post Office Box 9341 – Station Provincial Government
Victoria, British Columbia
V8W 9M1
Fax: (250) 356-7197
Email: david.ranson@gov.bc.ca

Dear Mr. Ranson;

As a member of British Columbia's bottled water industry, I am writing in response to your Ministry's request for my views about the current recycling regulation, beverage container product category.

Specifically, you have asked for my opinions about the following matters:

1. Adequacy of current deposit-refund levels;
2. Mandatory retail collection requirements; and
3. Container design/management requirements.

My thoughts are as follows:

1. **Adequacy of current deposit-refund levels** – British Columbia beverage steward Encorp Pacific recently reported that almost 81% of beverage containers were diverted from landfill across the province last year. That's almost 6% ahead of your Ministry's 75% diversion requirement of the industry. The current deposit-refund level is working. Given the current state of the province's economy, it would be unwise to increase deposit-refund levels to capture the remainder.

Rather, it would be prudent to consult with the beverage industry as to how it plans to divert the remainder of its packaging from landfill;

-2-

2. **Retail collection requirements** – Given the success of the depot network established by Encorp Pacific to capture recyclables, it is unnecessary to continue to require the retail sector to accept beverage containers, other than in those jurisdictions where there is no depot system in place. Retailers should have the option of accepting beverage containers, other than as earlier noted; and
3. **Container design/management requirements (containers must be refilled or recycled)** – All beverage containers sold in British Columbia can be recycled, except those that are contaminated through the collection process. It is recommended that they be used as a fuel source in an energy-from-waste application, given their BTU value. It is far better to gain an energy benefit from a contaminated beverage container than to landfill it.

Given that it has been acknowledged by government and industry here and abroad that Encorp Pacific is one of the most well-managed industry stewardship organizations in North America and, further, given that your Ministry has regularly deployed Encorp Pacific staff and Board members in its efforts to educate other stewards in British Columbia about proper environmental sustainability practices, I am confident that the organization and its industry members are capable of continuing to increase recycling rates for their packaging under the existing regulation.

Thank-you for the opportunity to offer my thoughts about your Ministry's current recycling regulation for beverage containers.

Should you have any questions or comments, please do not hesitate to contact me at your earliest convenience by telephone at (250) 860-6733 or via email at doug@okculligan.com.

Sincerely,

Doug Osness
President
250-860-6733

1) Deposit/Return

The proven incentive of D/R results make this option mandatory at this juncture in our evolution to a more sustainable society. ref the B.C Recycling Handbook

Increasing D/R Levels: The impact of increased levels should encourage and motivate consumers to **Return It** to redeem their deposit.

While an increase have a negative impact on bin scavengers, the incentive to participate will offset this minor inconvenience. From the retail perspective, how much did increased deposits on Beer actually impact overall sales of Beer?

Re: popular school Tetra Pak – possibly some parents may have this discard brought home to collect an increased refund rather than leave higher refund for school programs.

2) Return to Retail

This should not be discouraged as we evolve to a more sustainable society - Free choice for consumer to return to either Retail or Depot.

3) Refill provision

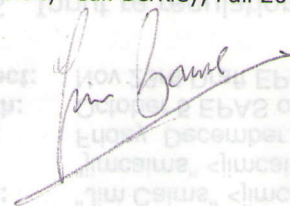
Action proposed: Review credible Life Cycle Analysis on Refilling vs Recycling containers.

Care required as geography plays a major role. Distance reduces value and condition of product. Consider this refill motivation already practiced by the Maritime Beverage Category "half-back" system?

4) Recyclability

A form of reuse of used containers definitely to be encouraged when **Sustainable Conservation** is the goal. Ref: Responsible implementation of **Pollution Hierarchy**. Many around the world regard and respect what British Columbia has and is achieving as we evolve to a more sustainable society as exemplified by our Hybrid evolution – not perfect work in progress Yes, there is a cost to Environmental Care. : Ref EPAS October 5th Perspective attached.

Jim Cairns – Enthuusiastically Promoting Allthings Sustainability - Historian Status assigned at University Cal. Berkley, Fall 2010 EPR Round Table Symposium

subject: 
vnter:
sent:
to:
from:
jim Cairns

12/8/2011



December 22, 2011

Via e-mail: egb@Victoria.gov.bc.ca
greg.tyson@gov.bc.ca
clarissa@cmconsultinginc.com

BC Ministry of Environment
Industry Product Stewardship
PO Box 9341 Stn. Prov Govt
Victoria, BC V8W 9M1

Dear Greg Tyson:

RE: BEVERAGE CONTAINER CONSULTATION

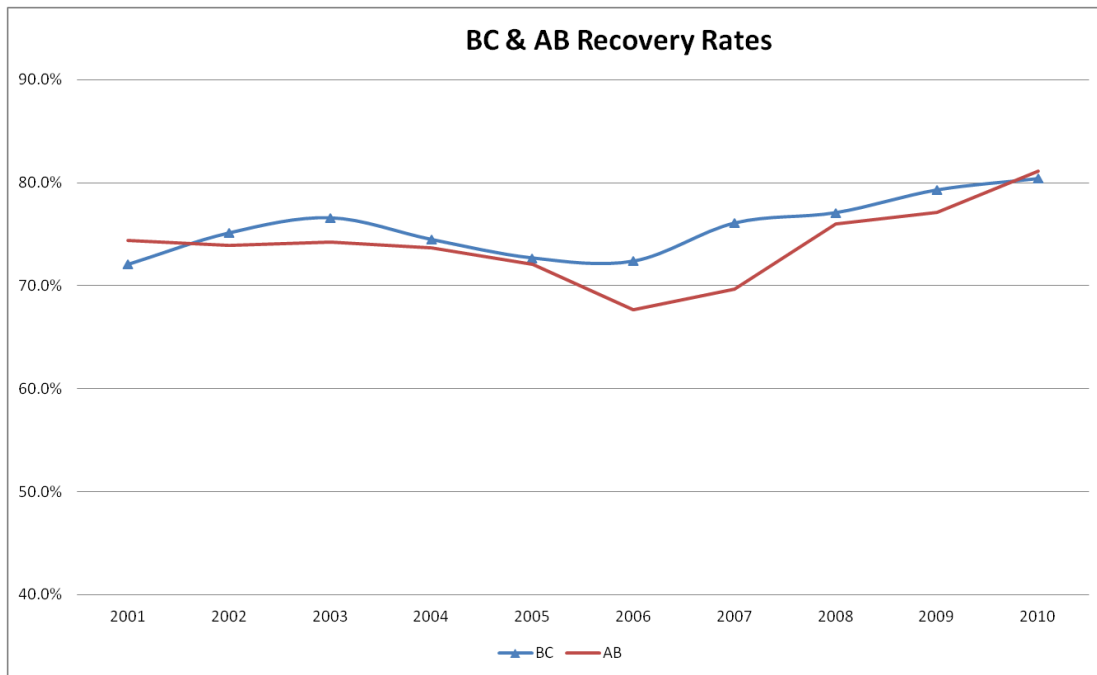
Here is Encorp Pacific (Canada)'s submission for consideration as part of the Ministry of Environment's stakeholder consultation on the Beverage Container Product Category. We trust that the verifiable data we are providing will assist the Ministry to "identify opportunities to increase performance with the least incremental financial impact".

Section 5 Deposit Levels

It is Encorp's view that the most relevant analysis is the recovery rate comparison between British Columbia and Alberta given the differing approaches in the two provinces to the deposit rate policy.

The following table and graph is a ten year history of the recovery rate comparison between BC and AB:

YEAR	BC	AB
2001	72.1%	74.4%
2002	75.1%	73.9%
2003	76.6%	74.2%
2004	74.5%	73.7%
2005	72.7%	72.1%
2006	72.4%	67.7%
2007	76.1%	69.7%
2008	77.1%	76.0%
2009	79.3%	77.1%
2010	80.4%	81.1%



Notes: Source based on published annual reports.

Recovery rate is defined as the percentage of redeemed beverage containers divided by the number of full containers sold in the province. Example – If 100 beverage containers are sold and 80 of those containers are collected and recycled there is an 80% recovery rate.

The above chart and graph show a continuous improvement over a ten year period in British Columbia. The recovery rate from 2001 of 72.1% to 2010 of 80.4% was achieved while **retaining** the current deposit levels.

Conversely, Alberta had a 74.4% recovery rate in 2001 which in 2006 and 2007 **declined** to 67.7% and 69.7% respectively. Unlike BC, Alberta had a challenge with declining recovery rates which, in part, prompted the government to increase the deposit levels in November 2008.

It is Encorp's view that the significant increase in Alberta's consumer awareness spending (\$1.5 million in 2007; \$3.6 million in 2010) played an important role in reversing the decline in the recovery rate.

Key Comments

Since Encorp has shown continuous improvement in its recovery rate over the 10 year period, it is our view the current deposit level for beverage containers strikes the right balance between achieving optimum environmental outcomes while avoiding negative consumer, brandowner and system impacts.

Encorp is actively pursuing other available initiatives that will contribute to continuously improving recovery rate; namely, expanding collection options for residents in the City of



Vancouver, extending our elementary and high school programs to post secondary institutions and creating new collection infrastructure in public spaces and at public events.

Other Observations

Increasing the deposit level would require Encorp to increase its cash float requirement by in excess of \$10 million resulting in additional costs to the system; plus an immediate \$6 million dollar liability which would have to be absorbed by the beverage sector due to a potential deposit increase to refund for containers in transit as of the change date. There would be a significant impact to the BC consumer because a five cent increase would result in a \$49 million cost impact to BC consumers and families at the time of purchase (based on 2010 sales volume).

Increasing the deposit level will require additional internal control and fraud prevention as these containers become more valuable leading to an increase in depot break-ins and theft. This also includes fraud prevention at the consumer level as a result of attracting more containers from the US that are then redeemed in BC. This fraud prevention will be an added cost to the system.

Section 6 Return to Retail

Of the 830 million non-alcohol containers collected annually through the Encorp network, 90% are collected directly from the 172 depots throughout BC. It is estimated that 8 – 9 million of the depot collection units are picked up from other retailers such as convenience stores. The other 10% of the containers (80 million units) are collected through 360 retail grocers.

Here are the collection statistics in the Province's twenty eight (28) regional districts:

Category	Regional District	Depot Collection	Grocery Collection
95 to 100%	Bulkley/Nechako	99.3%	0.7%
	Central Coast	100.0%	0.0%
	Fraser - Fort George	97.8%	2.2%
	Kitimat Stikine	95.1%	4.9%
	Skeena Queen Charlotte	98.2%	1.8%
	Northern Rockies	100.0%	0.0%
	Peace River	99.3%	0.7%
	Sunshine Coast	100.0%	0.0%
	Cowichan Valley	97.3%	2.7%
	Alberni/Clayoquot	98.6%	1.4%
	Comox	96.3%	3.7%
	Mount Waddington	99.9%	0.1%
	Central Okanagan	95.5%	4.5%
	North Okanagan	98.9%	1.1%
	Okanagan Similkameen	95.8%	4.2%
	Columbia Shuswap	99.6%	0.4%
	Thompson Nicola	98.5%	1.5%
	East Kootenay	95.8%	4.2%
	Kootenay Boundary	95.7%	4.3%
90 to 94.9%	Nanaimo	93.8%	6.2%
	Fraser Valley	90.3%	9.7%
	Squamish Lillooet	92.4%	7.6%
	Central Kootenay	93.5%	6.5%
85 to 89.9%	Cariboo	86.7%	13.3%
	Capital Regional District	85.4%	14.6%
	Strathcona	88.4%	11.6%
	Metro Vancouver	85.3%	14.7%
	Powell River	88.3%	11.7%
ALL REGIONS		89.9%	10.1%



Twenty three (23) of the districts have depot collection rates greater than 90% while five (5) have collection rates greater than 85%. Therefore all regions of the province have depot collection rates that exceed the original regulated 85% threshold for permitting exiting the return to retail requirement.

Key Comments

It is Encorp's view that, in those areas where there is a well developed depot network in place, the election to accept containers for refund should be left to the retail grocer.

The cost for Encorp to pick up at the 360 retail grocers is approximately 3 times higher than picking up at its 172 depots; and has a negative impact with respect to carbon emissions. Annual transportation cost for used beverage containers is \$12 million.

Encorp will continue to work with the City of Vancouver and other key cities to add more depots to the network.

Other Observation

It is our view the significant and rapid increase in stewardship programs in BC will create a large demand for "one stop recycling" location by the citizens of BC. Having an option of return to retail adds significant cost in running depot and retail grocer collection systems in parallel.

Sections 7 & 8 Containers must be recycled and or refilled

Section 7 & 8 provision whereby containers must be recycled and or refilled is inconsistent with the Recycling Regulation (Section 3) specifically the pollution prevention hierarchy whereby "(3)(f) recover material or energy from the product" is accepted in other approved stewardship plans and continues to be accepted in new approved stewardship plans.

Here is an overview of the materials managed by Encorp:

Material	Tonnes in 2010	Commodity Value	End Market
Aluminum	5,100	\$8,000,000	New beverage cans
Plastic	12,200	5,500,000	New bottles and buckets
Glass	77,900	0	New bottles, fibreglass insulation and sandblasting material
Polycoat & Other	2,200	94,000	Paper products and cardboard boxes
Metal	200	8,000	Rebar and car parts
Composite	240	0	Currently no market for recycling
TOTAL	<u>97,840</u>	<u>\$13,602,000</u>	

Over 99.8% of all beverage containers collected and recycled have established commodity markets and a demand for the recycled beverage containers. At this time, there are 0.2% (240 metric tonnes) of the containers which Encorp collects that consist of a composite of plastic and aluminum whereby an established market has not yet been found.



Key Comments

It is our view that to be consistent with all the other stewardship plans and the recent plans that have been approved, the provision for "(3)(f) recover material or energy from the product" be accepted for beverage containers.

Encorp will continue our efforts to find a suitable solution for laminate packaging so that all of the containers are recycled in established markets in a cost effective manner.

Please feel free to contact us if you require additional information.

Regards,

ENCORP PACIFIC (CANADA)

A handwritten signature in black ink, appearing to read "NEIL HASTIE".

Neil Hastie
President and CEO



December 22, 2011

Via e-mail: egb@Victoria.gov.bc.ca
greg.tyson@gov.bc.ca
clarissa@cmconsultinginc.com

BC Ministry of Environment
Industry Product Stewardship
PO Box 9341 Stn. Prov Govt
Victoria, BC V8W 9M1

Dear Greg Tyson:

RE: BEVERAGE CONTAINER CONSULTATION – TECHNICAL ITEMS

Here is Encorp Pacific (Canada)'s submission for consideration as part of the Ministry of Environment's stakeholder consultation on the Recycling Regulation specific to the Beverage Container Product Category.

This correspondence specifically addresses section 4 – beverage container product subcategories, section 6 – refund and section 7 & 8 – redeemed containers are refilled or recycled.

Section 4 Beverage Container Product Subcategories

Background

When the Beverage Schedule (1) was introduced, it was known that there was a technical flaw in the subcategory (f), (g) and (h), which asked for a high density polyethylene sort; it should have read "polyethylene terephthalate" commonly abbreviated as PET. Encorp has never had a separate sort from the depots for high density polyethylene and that particular container type consist of less than 0.1% of the containers that are sold in the province of BC.

High density polyethylene is a common container package for dairy / milk jugs of a 4 litre size.

Having an extensive detailed listing of 21 sub categories as describe in this section in Encorp's view is not practical as this will increase depot handling fees significantly in terms of labour and square footage requirement at the depot, with very little value added for the collection of information.

The level of subcategory container reporting is overly extensive compared to other stewardship programs.

A cursory scan of other province beverage regulations revealed that they do not specify product subcategories. Newfoundland's regulation (Newfoundland Regulation 1996, 103/96) section 2(c) specifies 5 broad categories and an "other recyclable" category.

In the event of a "one tier" deposit level, there will be no efficiencies gained as the sort requirements are still required.



Key Comment

Delete all sub categories or, at a minimum, specify 5 groupings; namely – aluminum, plastic, glass, polycoat, and other.

Section 6 Refund

Background

Encorp suggests we modify the language to add clarity that manufacturing overruns or rejections are not put through the deposit system as these containers are not sold to the public and the manufacturer has their own recycling program.

Encorp also believes that providing for “cash” refunds may have been appropriate at the time when the regulation was introduced; however with technology, security and risk mitigation purposes, high volume and questionable transactions are currently done via cheque. In the future, Encorp sees the application of automated deposit to customer accounts (EFT) as another option.

Key Comments

Suggested Action – Add clarity on accepted containers (subsection c & d) and delete “cash” in cash refunds as follows:

6 (1) A container redemption facility

.....

- (5) A container redemption facility or retailer is not required to accept a container, or pay a ~~cash~~ refund for a container, if the container
 - (a) is contaminated, rusty or dirty,
 - (b) can be reasonably identified as a container that was purchased outside of British Columbia, or
 - (c) cannot be reasonably identified as a container to which this Schedule applies,
 - (d) has no labeling which identifies the product; or**
 - (e) was rejected or discarded by the producer during the manufacturing process.**

Section 7 & 8 Containers Must Be Refilled or Recycled

Over 99.8% of all beverage containers collected and recycled have established commodity markets and a demand for the recycled beverage containers. At this time, there are 0.2% of the containers which Encorp collects that are composites and consist of a blend of plastic and aluminum whereby an established market has not yet been found.



Since 2000, Encorp has done an extensive search to find a processor that can recycle this material. In 2006, we found an aluminum recycler in Borgofranco, Italy that took a shipment of several years supply (25,000 kgs.). Our cost to recycle this material was \$2.25 kg or \$56,000 CAD for a trailer load. In 2007, this plant permanently closed its facility.

We now have an opportunity to have this material recycled locally in Delta, B.C.

The process is as follows:

1. A local processor will shred the composite packaging to its specifications;
2. A wood chip supplier will shred scrap woodchips and other scrap material to its specifications;
3. A 3rd party contractor will blend the two products to its specifications;
4. A manufacturing plant will use this material as a substitute fuel in its process of making cement.

Key Comments

It is our view that to be consistent with all the other stewardship plans and the recent plans that have been approved, that the provision for "(3) (f) recover material or energy from the product" be accepted for beverage containers.

Encorp will continue to endeavor to find a suitable solution in having all of its containers recycled in established markets in a cost effective manner.

Please feel free to contact us if you require additional information.

Regards,

ENCORP PACIFIC (CANADA)

A handwritten signature in black ink, appearing to read 'Bill Chan', is positioned above the printed name.

Bill Chan
Vice President and CFO



The Healthy Hydration Company™

November 23, 2011

Mr. David Ranson
Director, Environmental Management Act
Industry Product Stewardship
British Columbia Ministry of Environment
Province of British Columbia
Post Office Box 9341 – Station Provincial Government
Victoria, British Columbia
V8W 9M1

Dear Mr. Ranson;

The purpose of my writing is to respond to your Ministry's request for my thoughts about the current recycling regulation, beverage container product category.

As British Columbia's largest manufacturer and distributor of bottled water, with a bottling plant in Hope and a distribution centre in Chilliwack, we are committed to the environmental sustainability of our packaging. We currently produce the lightest plastic beverage container in the marketplace as well as a leading bottled water brand whose entire line contains recycled plastic content.

A member of our leadership team currently serves as a member of the Board of Directors of Encorp Pacific, representing the bottled water industry in British Columbia.

And, we worked with Encorp Pacific, the Canadian Beverage Association and the City of Richmond earlier this year to conduct the first pilot public spaces recycling program of its kind in British Columbia, a successful initiative we hope will receive consideration at some point in the future as a permanent complement to the existing depot program. We are confident that public spaces recycling will permit the industry to continue to increase recycling rates for its packaging across the province while making recycling convenient for British Columbians, wherever they may be.

As I understand it, the stakeholder consultation process is specifically focused on the following matters:

1. Adequacy of current deposit-refund levels;
2. Mandatory retail collection requirements; and
3. Container design/management requirements.

My perspective on these matters is as follows:

1. **Adequacy of current deposit-refund levels** – Encorp Pacific recently reported that almost 81% of beverage containers were diverted from landfill across the province last year. That's almost 6% ahead of your Ministry's 75% diversion requirement of the industry under the existing regulation. Clearly, the existing deposit-refund level is working. Given the current state of the province's economy, it would be damaging to our business to increase deposit-refund levels to capture our outstanding beverage containers and also unnecessary, given the rate would be increased to focus on capturing another 10% at most, realistically. It would be our preference that the Ministry consult the beverage industry about its plans to divert the remainder of its packaging from landfill within the existing financial framework;
2. **Retail collection requirements** – Given the success of the depot network established by Encorp Pacific to capture recyclables, it is unnecessary to continue to require the retail sector to accept beverage containers, other than in those jurisdictions where there is no depot system in place. Retailers should have the option of accepting beverage containers, other than as earlier noted. Since the regulation was first approved, retailing has changed dramatically, as have its associated health regulations. Requiring retailers to continue to accept used beverage containers is incompatible with the competitive and regulatory environment many operate in today; and
3. **Container design/management requirements (containers must be refilled or recycled)** – All beverage containers sold in British Columbia are 100% recyclable and can be recycled, except those that are contaminated through the collection process. We have no objection to their use as a fuel source in an energy-from-waste application, given their BTU value. It is far better to gain an energy benefit from a contaminated beverage container than to landfill it.

In closing, it has been acknowledged by government and industry here and abroad that Encorp Pacific is one of the most well-managed industry stewardship organizations in North America. Further, your Ministry has regularly deployed Encorp Pacific staff and Board members in its efforts to educate other stewards in British Columbia about proper environmental sustainability practices. I am confident that the organization and its industry members are capable of continuing to increase recycling rates for their packaging under the existing regulation.

Should you have any questions, comments or concerns, please do not hesitate to contact me by telephone at 1 888 565-1445, Ext. 6442, or via email at john.zupo@waters.nestle.com.

Thank-you for the opportunity to participate in this process.

Sincerely,



John Zupo
President

cc: Clarissa Morawski, Consultant
The Honourable Terry Lake, Minister of Environment, Government of British Columbia
The Honourable Barry Pender, MLA, Chilliwack-Hope, Government of British Columbia



December 13th, 2010

BC Ministry of Environment
Industry Product Stewardship
P.O. Box 9341 Stn. Prov. Govt.
Victoria, BC V8W 9M1

Via e-mail: eqb@Victoria1.gov.bc.ca

Dear BC Ministry of Environment:

Re: Beverage Container Consultation

PepsiCo Beverages Canada (PBC) is pleased to provide the following input regarding the Beverage Container Consultation.

PBC operates a production facility and network of distribution warehouses in British Columbia employing approximately 500 people. We produce and distribute a wide variety of beverage products including soft drinks, juices, waters, iced teas, isotonic sports drinks and energy drinks.

We have been strong supporters of the recycling programs in British Columbia and across Canada for many years.

Deposit Levels

PBC is firmly opposed to any consideration of a deposit level increase at this time for the following key reasons:

- Recovery rates reported by Encorp Pacific show recycling rates **have increased annually** since 2006.
- The B.C. recovery rates are comparable to those in Alberta despite the higher deposit levels in Alberta. This suggests that higher deposit rates do not increase recovery rates.
- A significant liability of approximately \$6 Million would be created and would need to be funded **by the consumers in BC** for containers in the market place at the time of any change.
- Consumers would spend approximately \$49 Million more at time of purchase for beverages.
- Lower income families in BC will be impacted to a larger degree as the total cost at time of purchase will increase dramatically on some packages. A deposit increase of 5 cents per can on a 12 pack would see the total deposit increase from approximately 15% to 30%.
- Through extensive experience and participation in recycling programs across Canada, it is very clear that the deposit level has little impact on the recycling rate.

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- Effective strategies to increase recycling rates include specific programs focused on awareness, education, special event participation, target marketing, increasing convenience, expanding collection infrastructure, school programs, depot standards, depot access, consumer attitudes, co-operation with other stewardship programs, and working with charities and other interested stakeholders.
- Encorp Pacific has consistently demonstrated capability and continuous improvement.
- There is no evidence to suggest recycling rates can not continue to increase with the current deposit levels.

Return-to-Retail

Retailers should be free to decide for themselves if they want to collect used beverage containers:

- There is an extensive network of depots in B.C.
- The vast majority of beverage containers go to depots currently.
- Collection at retail is inefficient and collection costs are significantly higher versus collection from depots.
- Depot profitability will increase if volume shifts to depots from retailers.
- Health and safety risks will be reduced by removing post-consumer materials from grocery stores.

Energy From Waste

The vast majority of beverage containers are recyclable and recycled in Canada. PepsiCo Beverages Canada supports waste-to-energy in very limited circumstances and only if recycling is not possible, where no viable end market exists or where the cost of materials management is significantly higher compared to mainstream materials.

PBC would like to thank BC Ministry of Environment for this opportunity to comment during the Beverage Container Consultation. We would be pleased to discuss further if you have any questions.

Sincerely,

Neil Antymis
Director, Government Affairs
PepsiCo Beverages Canada
neil.antymis@pepsico.com

Via Email to Mr. Greg Tyson (Greg.Tyson@gov.bc.ca)

November 28, 2011

File: EEC

Attention: Mr. Greg Tyson
Ministry of Environment
P.O. Box 9339 Stn Prov Govt
Victoria, BC V8W 9M1

Dear Mr. Tyson:

RE: BC Provincial Beverage Container Product Category Review

At the City's November 15, 2011 Environmental Enhancement Committee meeting, Committee members discussed the Provincial beverage container product category review and directed staff to forward the following suggested changes to the provisions in Schedule 1 to the Ministry of Environment:

- That the deposit refund levels be increased twofold of the current fee structure based on the container size and beverage type;
- That the retail collection requirements be increased to 48 containers per day per person;
- That the container design and management requirements continue to require that the beverage container be refillable and recyclable or recyclable; and
- The province-wide recycling program review and address tetra-pack containers that are used for soup, broth and other non-beverage products.

Part of the Committee's discussion considered the importance of balancing the principles of cost efficiency, incentives and recycling convenience to encourage further levels of recycling and reduction of impacts to the environment. As such, the Committee also felt that the current Provincial Recycling Regulation Schedule 1 Beverage Container Product Category should be updated based on these principles.

Continued... /2

It would be appreciated if you could take these comments into consideration during the Beverage Container product category consultation review. Should you have any further questions, please contact Mr. Allen Jensen, Manager of Environmental Services at 604.927.5424 or jensena@portcoquitlam.ca.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Andrew Wood', with a stylized flourish extending to the right.

Andrew Wood, Ph.D., P.Eng.

Director of Engineering & Operations

Cc: Mayor and Councillors, Port Coquitlam
Port Coquitlam Environmental Enhancement Committee Members
Mr. T. Chong, P. Eng., Chief Administrative Officer



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December 23, 2011

Mr. Greg Tyson
Environmental Management Analyst, Community Waste Reduction Section
Ministry of Environment
2975 Jutland Road
Victoria, BC

Via E-Mail:
greg.tyson@gov.bc.ca
eqb@Victoria.gov.bc.ca
clarissa@cmconsultinginc.com

RE: RCC Comments on Beverage Container Consultation

Dear Mr. Tyson:

On behalf of Retail Council of Canada (RCC), and our members operating in British Columbia, we appreciate the opportunity to comment on the prescriptive measures contained in the Beverage Container Product Category, Schedule 1 of the Recycling Regulation.

RCC has been the Voice of Retail in Canada since 1963. We speak for an industry that touches the daily lives of Canadians in every corner of the country – by providing jobs, career opportunities, and by investing in the communities we serve. RCC is a not-for-profit, industry-funded association representing more than 45,000 store fronts of all retail formats across Canada, including grocery, mass merchandise, specialty, discount, independent stores, and online merchants.

The retail industry is one of the most competitive and vibrant sectors of British Columbia's economy, creating more than \$56 billion in sales last year. With nearly 31,000 establishments in British Columbia, the retail sector reaches every corner of the province. Employment in the retail sector represents 11.3 per cent of the province's total employment, directly employing over 275,000 citizens. RCC is proud of the fact that the retail sector is British Columbia's largest employer. The contributions made by this economic sector are felt in every corner of the province and affect the lives of all residents.

Retailers, as sellers and importers of designated products and the touch point for both consumers and manufacturers, have a significant stake in the development of product stewardship programs. Currently, RCC's members are active participants in over 65 such programs across the country and will be called upon to expand their role as new ones are developed.



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The following represents the initial thoughts of retailers on the prescriptive measures in the Beverage Container Product Category, Schedule 1 of the Recycling regulation currently under review, which may be added to and/or refined as further discussion and consultation takes place.

Return-to-Retail

RCC and its members understand the importance of ensuring that consumers have reasonable access to collection points, particularly in remote areas, however, we do not support a mandated return-to-retail collection system. RCC has reviewed the issues arising if retail stores acted as collection points for used or leftover consumer products and packaging. These issues include:

- Lack of space to store used products;
- Need for renovations to accommodate returns (additional ventilation, closed rooms, racking etc.)
- Need to hire additional staff to handle incoming used products;
- Need for specialized staff training to handle incoming used products;
- Employee and customer health and safety associated with handling and storing used products;
- Store insurance coverage;
- Store fire code compliance;
- Store municipal by-law compliance;
- Administrative costs; and,
- Breach of lease provisions.

Accordingly, RCC and its members do not support any mandatory requirements that used or leftover consumer products and packaging be returned-to-retail. That being said, we support program plans recognizing voluntary retail programs as part of an overall and comprehensive collection infrastructure; one that provides retailers flexibility to operate the specialized take-back events that they organize.

Cost of Return-to-Retail

Specific to beverage containers, mandatory return-to-retail provisions have been in place for decades now in British Columbia, during which time the collection system for non-alcoholic beverage containers has changed significantly. In 1994, over 80% of non-alcoholic containers were being returned to grocery stores while today that number has fallen to less than 10% of the total non-alcoholic containers being returned through a much different system. The reason for this change can be attributed to an emerging depot system that has reached maturity over the last 17 years.



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As the level of containers returning to retail stores continues to decline, it becomes increasingly inefficient to have trucks picking up small amounts of containers from retail stores, both for the system operator and the retailers themselves. One grocery retailer recently calculated the annual net cost of return-to-retail for used beverage containers, after taking into account capital and operational cost and deducting revenue from container handling fees, at approximately \$208,000. Based on those calculations, we have been able to extrapolate that return-to-retail is costing grocery retailers alone close to \$3 million a year, with their leasing and labour costs being structural obstacles to realizing any profit from their participation in the beverage container return system.

In terms of gross volumes, large grocery retailers today only collect approximately 80 million of the 1 billion non-alcoholic used beverage containers (UBCs) collected annually with an additional 8-9 million collected by depots from other retailers and convenience stores. The average number of containers per pick up at grocery stores is 2,400 containers compared to 23,700 for depot pick-ups. Encorp Pacific, who operates the deposit-return system for non-alcoholic containers in BC, has estimated that the average cost of picking up and transporting containers from grocery stores is three times the cost of picking them up from a depot



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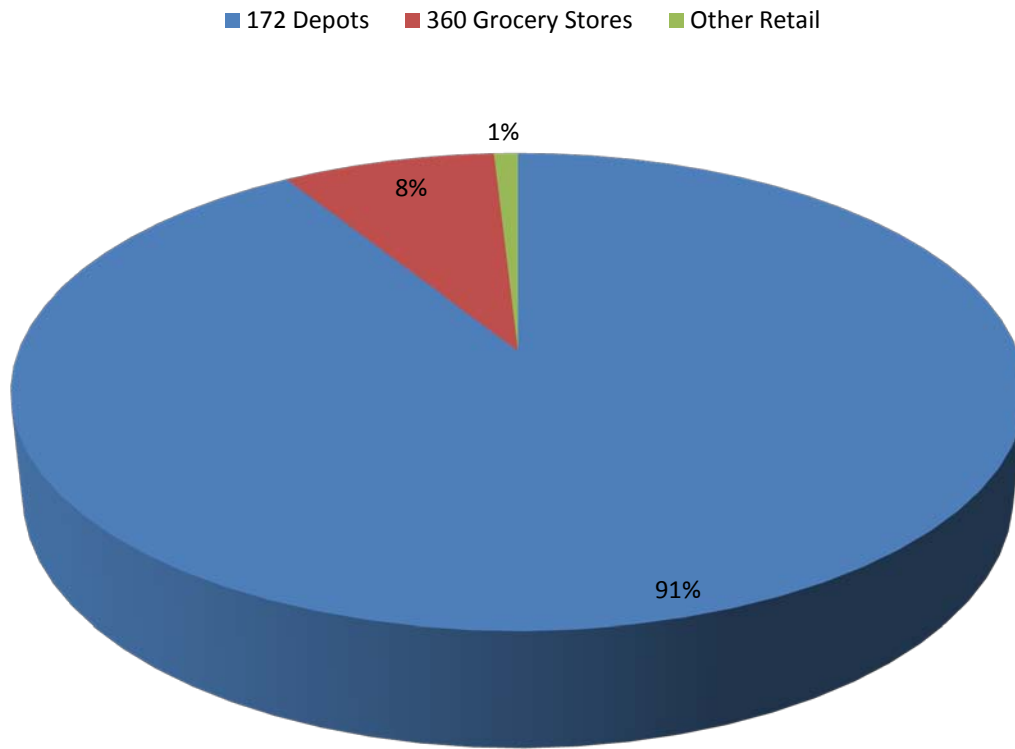


Figure 1: BC Non-Alcoholic Container Returns by Collection Channel

This inefficiency has an environmental impact as well, as these trucks generate significant greenhouse gas emissions in relation to the decreasing amount of material being recovered at retail stores. This is an important consideration in a province that has gained international recognition for being a leader on climate change policy and has established legislated targets to reduce the province's carbon emissions by 33% in 2020 and 80% by 2050.

Other concerns that been raised about mandatory return-to-retail include from our members include:

- Food Safety – Grocery retailers have expressed strong concerns about the presence of used beverage containers in their stores given the increasing variety of fresh food carried in grocery stores and the heightened consumer concern over food safety in recent years.
- Uneven Playing Field – Given the extensive number of retail outlets in BC, the Ministry of Environment simply does not have the resources to ensure that everyone complies with



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the return-to-retail requirements and has therefore created an unlevel playing field in the retail sector

Evolution of the Depot System

Another factor that has to be considered in the discussion regarding return-to-retail is the evolution of the depot system. Over the past five years, depots have become a collection channel for a range of other materials besides beverage containers including household hazardous waste, electronics and small appliances. The end result of this development is increased consumer convenience through a “one-stop drop” system for recycling a number of different products.

Unlike grocery retailers, depots in BC have the appropriate cost structures in place to make the collection of used beverage containers a profitable enterprise. With a shift underway to provide consumers greater convenience through a “one-stop drop system,” the timing is right to allow the remaining non-alcoholic containers to be collected through the depot system. As with all other EPR programs, RCC would continue to support those retailers who voluntarily decide they would like to continue collecting beverage containers.

Focus on Non-Alcoholic Containers

Our assumption is that the producers and retailers of alcoholic containers will have their own viewpoint on what works best for their products and containers. RCC wishes to emphasize that our proposal is focused solely on developing a solution for non-alcoholic containers, where it is clear that return-to-retail is not required to ensure that we have a viable collection system. If the producers of alcoholic containers wish to maintain the return-to-retail requirement, we believe the regulation should be amended to make it specific to alcoholic containers

Our Recommendation

RCC supports the elimination of the mandatory return-to-retail requirement for non-alcoholic containers under the Beverage Container Regulation. We believe this can be achieved successfully through a phased withdrawal from return-to-retail (perhaps by regional district) for non-alcoholic containers supported by a strong public education campaign. We also understand that due to significant differences in the province’s depot infrastructure, a one-size solution is likely not workable

There are currently a number of areas in BC, particularly in the Lower Mainland, that lack adequate depot infrastructure and where retail stores may need to continue to provide return-to-retail service until alternative collection options can be developed. There are some remote areas of the province where exemption from return-to-retail is not practical and continued support from retailers would be required. In the remainder of the province, a phased transition from return-to-retail could be implemented with the support of Encorp, the depot operators and a strong public awareness program.



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RCC has made this recommendation in light of the long-term trend where there is a shift under way from return-to-retail towards depots, where consumers can drop off a wider range of products beyond beverage containers. If long-term increases in energy and transportation costs are factored into the equation, it is clear that mandatory return-to-retail is an increasingly inefficient system that must be addressed for both business and environmental reasons. Our preference is to work with the government, depots and Encorp to implement a strategic transition that mitigates the impact on consumers rather than waiting until the system is in crisis to initiate this change

Consideration for Consumers

Any exemption from return-to-retail in designated areas of the province would require a comprehensive plan to inform consumers and reduce any disruption to retailers and the public. If approval were granted for a phased withdrawal from return-to-retail, RCC and its members would work with Encorp Pacific to implement a comprehensive public education and information campaign through online and social media, in-store campaigns and media advertising.

It is recognized under such a plan, grocery stores and other retailers would need to allow for a reasonable grace period for customers who were not aware of the new policy. These customers would have their containers accepted during this grace period and be given informational materials on where they can take their containers in the future. It is also understood and accepted that this is especially important for the elderly and people with special needs, who may require further considerations or an extended grace period to continue to return a small number of containers at the point of purchase.

Deposit Levels

Recovery rates in BC are currently on par with those in Alberta, even though Alberta has a higher deposit rates. The overall impact on consumers of even raising the deposit from five cents to 10 cents for small containers is approximately \$49 million annually, which represents a significant amount of consumers' discretionary income that can no longer be used for other purposes. Given the considerable cost to consumers, we think it would be prudent to examine other strategies that could be employed, such as targeted consumer awareness campaigns focused on key demographic groups, to determine what might be the best approach to raising return levels prior to approving any increase in deposit levels.

In the absence of any evidence that an increase would lead to a substantial improvement in performance, RCC and our members could not support an increase in deposit levels at this time.



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Conclusion/Next Steps

We look forward to reading the draft report from the consultation and the opportunity to provide further feedback once that report is made available. In the meantime, if you require any further information or clarification, please do not hesitate to contact me at (604) 633-3145, or via email at alangdon@retailcouncil.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Allen Langdon', is written over a horizontal line.

Allen Langdon
VP, Sustainability

C.C:
RCC Environment Committee



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CLUB
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Ministry of the Environment
Public Consultation – Recycling regulation
Beverage Container Product Category

RE: Deposit levels, return to retail, recyclability and refill.

Sierra Club BC welcomes the opportunity to submit comments to the recycling regulation as part of the Ministry's public consultation process.

As a matter of principle, we would like to see B.C. adopt a Zero Waste planning approach as a framework for the issues discussed here.

Deposit levels: We strongly support take-back container deposits, and urge an increase in deposit levels, to harmonize with Alberta and to keep pace with inflation. Moreover, there are strong arguments for expanding the deposit program to all beverage containers, including milk and milk substitutes. An expanded deposit program would harmonize B.C.'s regulations with Alberta and would have the added benefit of levelling the playing field within the beverage industry.

The refundable deposit system is the lynchpin of a strong recycling culture and a crucial tool in the zero waste toolbox. Deposits get up to 95% of targeted containers back -- double or triple the rate of single-stream recycling services. Materials are kept separate, so they can be recycled into the highest-value markets. This system rewards recycling, exposes the hard-to-recycle materials and puts pressure on producers to improve their products.

Return to retail: While convenience of return is a behaviour driver for a certain number of consumers, we believe that economic incentive is a much stronger driver for consumer participation.

Recyclability and refill: We are strongly in favour of keeping an absolute prohibition against incinerating and landfilling containers.

Waste-to-energy programs such as incinerators do nothing to encourage waste reduction, and the energy recovered is a fraction of the energy consumed to replace the destroyed containers. Incinerators are big emitters of greenhouse gases; for example, Metro Vancouver's incinerator in Burnaby is the 4th largest emitter of greenhouse gases in the region.

We commend the Ministry's decision not to exempt incinerators from greenhouse-gas regulations. With a sound regulatory framework predicated on a zero-waste approach, including stringent producer responsibility regulations and full organics diversion, we can easily eliminate this source of emissions while enjoying cleaner air and job creation in a cradle-to-cradle resource recovery loop.

We would also welcome a discussion about deposits on other categories of packaged goods, notably non-milk dairy products (yogurt, cottage cheese, sour cream, etc.), cleaning products (detergents, cleaners, etc.), health and beauty products (shampoo, etc.). One hundred and forty million milk containers that are sold each year in BC would create jobs, provide income supplements, and offer schoolchildren fundraising opportunities in our communities before going to high-value recycling markets -- all at no expense to the taxpayer. It would also level the playing field within the Consumer Packaged Products industry in a reasoned and methodical way.

Sincerely,

A handwritten signature in black ink that reads "George Heyman". The signature is fluid and cursive, with the first name "George" and last name "Heyman" clearly distinguishable.

George Heyman
Executive Director
Sierra Club BC

FROM: Monica Kosmak | Program Manager, Zero Waste Planning
City of Vancouver

Thank you for the opportunity to comment on the Ministry's consultation on the beverage container schedule of the Recycling Regulation (Schedule 1). The industry-led deposit-refund programs in British Columbia are highly effective models of extended producer responsibility, and staff appreciate the opportunity to provide input on the Regulation.

City of Vancouver's Greenest City Action Plan and Zero Waste Goal

The City of Vancouver recently adopted a Greenest City Action Plan with ten green goals aimed at making Vancouver the greenest city in the world by 2020. The full plan is available at <http://vancouver.ca/ctyclerk/cclerk/20110712/documents/rr1.pdf>

One of the City's long term Greenest City goals is to create zero waste. Our 2020 zero waste target is to reduce solid waste to landfill or incinerator by 50%. EPR is a cornerstone of our Greenest City zero waste plan, and is critical to achieving this target. Source reduction and reuse are also prioritized in our plan, recognizing that these are even more important than recycling in a zero waste society.

COMMENTS

Below are staff comments on the provisions under review in Schedule 1 in the Recycling Regulation.

Deposit-refund levels (e.g.: 5, 10 and 20 cents)

We strongly support deposits on beverage containers. Deposits provide an economic incentive to recycle. The recovery rates achieved by the Brewers' and Encorp's deposit-refund programs are critical for achieving our 2020 zero waste target.

According to CM Consulting's introductory presentation at the public meeting on November 23, there is a statistically significant correlation between higher deposit levels and higher return rates in other jurisdictions. Since the recovery rates for some containers have plateaued, there is merit in considering an increase in deposit levels.

Retail collection requirements (e.g.: 24 containers per day per person)

We strongly support the mandatory return-to-retail requirement. In dense urban areas such as Vancouver, where the cost of land and neighbourhood opposition may be prohibitive to depots, return-to-retail is essential for providing a broad network of return locations.

Container design and management requirements (e.g.: containers must be refilled or recycled)

We strongly support the container design and management requirements in Schedule 1, which specifically require containers to be refillable or recyclable and not incinerated or landfilled.

These design requirements actually enforce the pollution prevention hierarchy in the body of the regulation and are the province's most powerful tool for driving design for environment. The design requirements set an example for the other Schedules in the Regulation, particularly Schedule 5 Packaging and Printed Paper. Mandating refillable and recyclable containers is consistent with a results-based approach, given that management at the top of the hierarchy is the desired result of EPR.

Given that refillable and recyclable containers are widely available, the prohibition on incineration and landfilling should remain. Containers that are not refillable or recyclable should not be allowed on the market.

In CM Consulting's presentation it was noted that some respondents believe that because energy recovery is in the Recycling Regulation's pollution prevention hierarchy, it should be acceptable for containers. This is a misunderstanding of the spirit of the P2 hierarchy and the intention of the regulation, which is to drive environmental design. As such, this statement illustrates the need for design requirements that mandate reuse and recycling.

Finally, we encourage the province to consider setting specific targets for reusable/refillable containers, gradually phasing in higher targets for refillable containers compared to recycling over time.

Additional comments

Enforcing the targets for all beverage container sub-categories: Currently the Recycling Regulation requires that the 75% recovery target be applied to each sub-category of beverage containers listed in Schedule 1. This should be enforced. The regulation should be further amended to include penalties for not achieving these targets. This would create a level playing field for all container types.

Targets for continuous improvement. The City's ability to meet its long term zero waste goal depends on all EPR programs progressing towards recovery rates approaching 95%. Given the performance of the Brewers program, this is realistic for all beverage containers.

Currently the regulation sets a 75% recovery target, but no specific requirement for continuous improvement. Since achieving 75%, the Encorp system has improved roughly 1% per year.

We strongly recommend that the regulation be amended to include a schedule to phase in increased targets over time. Based on the Brewers' performance, a realistic timeline would be:

- 80% within 5 years of achieving 75%
- 85% within 10 years of achieving 75%
- 90% within 15 years of achieving 75%
- 95% within 20 years of achieving 75%

This would significantly strengthen BC's results-based approach.

Full redemption of deposits. We encourage the province to consider amending the Regulation to require all deposits to be redeemed in full. Discounting of deposits should be prevented in order to reduce consumer confusion, ensure public trust, and maintain the full effect of the deposit as an economic incentive. If collection costs must be subsidized, they should be included in a separate (invisible) recycling fee. These fees should be reported on in annual reports. This would maintain transparency and accountability with consumers.

Invisible container recycling fees. We encourage the province to amend the Regulation to require container recycling fees to be included in the price of the product. Encorp's CRF's have increased over time. Embedding these costs in the price of the product would drive efficiencies in the deposit-refund program.

Milk containers. The City has long advocated for milk and milk substitute containers to be included in the deposit-refund system. Excluding milk and milk substitutes creates an unlevel playing field for all other beverage containers. In addition, Schedule 5 only covers packaging generated by residents and people in public spaces, and disregards milk and milk substitute containers generated by the ICI sector such as restaurants, coffee shops, hospitals, schools, and other premises.

During the consultation session on November 30, the Ministry committed to publishing an Intentions Paper for any future amendments to the beverage container schedule of the Recycling Regulation. This was described as standard process prior to any amendment of the regulation. We agree this should be standard process, and we look forward to the opportunity to comment. It should be noted, however, that an Intentions Paper was *not* published before Schedule 5 was introduced for packaging and printed paper. As a result, stakeholders did not have an opportunity to comment on the inclusion of milk and milk substitutes in that schedule, as opposed being included in the deposit-refund system. Therefore, we respectfully request that the Ministry include the

subject of milk and milk substitute containers in the intentions paper and seek input on whether they should be transferred from Schedule 5 to Schedule 1.

Single use cups. Similar to milk, we encourage the Ministry to consider requiring deposits on all single use cups for coffee, pop, etc. Historically, the rationale for requiring deposits for beverage containers was to address a litter problem. Single serve cups are a major source of litter, and have an even shorter life span than bottles, cans and other beverage containers. They also take up nearly half the volume of street litter bins, which the City manages at a considerable cost. Many of them are also disposed on commercial premises, which could be immediately addressed through a deposit-refund system.

Please contact me if you have any questions regarding these comments.

Sincerely,
Monica

Monica Kosmak | Program Manager, Zero Waste Planning
City of Vancouver
604.829.4351
monica.kosmak@vancouver.ca
talkgreenvancouver.ca/goals/zero-waste

Azim Khimji
November 30, 2011 9:34 PM

I was watching the local ctv news on nov 29 and they were talking about the rising rates. BC Hydro is raising their rates next year. ICBC is raising their rates next year. Fuel surcharge is going up on BC Ferries next year. We already know the minimum wage is going up. Gas prices are always going up. In these days of higher prices the level of deposit on returned bottles has been the same for many years to the point that consumers feel it's not worth their time or effort to go and return bottles. They do want to recycle and help the environment. If the incentive to recycle is there it would increase the recovery rate. We have already witnessed the higher recovery rate on beer cans and beer bottles. The deposit level on beer cans and bottles is higher than that of non alcoholic beverages. I can be reached at 604 729 0021. I am the depot operator at Westside return-it centre in Kitsilano, Vancouver.

Thank you
Azim Khimji

From: Ann C.A. Kim
November 29, 2011 11:25 AM

Dear Sir/Madam;

In light of the fact that the overall recycling rate of beverage container products have not increased over the past several years, I'd like to suggest an increase of deposits from 5 cents to 10 cents for containers that are up to and including 1 litre sizes, and 20 cents to 25 cents for containers over 1 litre.

A raise in minimum deposits required will increase consumer incentive to return containers for deposit refunds, and also directly influence community-based return for deposit activities such as bottle drives and organization-based recycling programs (if not on a management level, then on an individual level).

As we are speaking on terms of increases in deposits paid and not on the eco-fee that is borne by the end-user, the cost to the producer and to the actual recycling public will be minimal.

Thank you for the opportunity to provide input on BC Industry Product Stewardship.

Sincerely,

Ann Kim
Owner/Operator, Ucluelet Bottle Depot, Tofino Bottle Depot

Sue Maxwell
November 28, 2011 3:54 PM

Dear Ministry Staff,

Thank you so much for the opportunity to comment on ways to improve the current system.

I think that the following steps would aid BC in reducing the environmental impact of beverage containers and waste:

1. Add milk containers to the deposit refund system. They are also beverage containers, presently have a very poor return rate and Alberta has shown it can be an effective way of increasing return.
2. Increase the deposit rate. It has not been increased since the program began which explains why fewer and fewer people are returning their own containers. While some stakeholders have argued that this will cost consumers more, in fact, if consumers return their containers, it should not cost them the deposit at all. The rates should match Alberta's at a minimum or ideally be higher (up to the levels that they would have been if they had kept up with inflation which would address one stakeholder's concern that "consumers are too rich"). The arguments by stakeholders to keep the deposits low are poor - instead of lowering the standards, the regulation should be raising them. One suggestion is that the BC government should be working with the border agency to address the cross-border shopping issue for all EPR program products.
3. Distinguish between refillable and merely recyclable in the deposit rates (and ideally the CRFs). Consider the German system where the deposit for refillables is lower than one-way containers. There should be significantly higher fees for non-refillables to provide a market advantage for more sustainable material use as well as to encourage local bottling and a decrease in transport of water based liquids from far away. This could foster design for the environment. There should also be higher deposits for harder to recycle materials like Tetrapaks, polycoat cartons and drink pouches to encourage the use of more sustainable packaging types.
4. The programs should show continuous improvement. To foster that the Ministry should set higher targets for the fraction of containers that are refilled and for recovery of containers (now that many surpass 75%).
5. Internalize the CRF in the product price (i.e. no visible fee). The program has been running for a long time now so there has been adequate time to ensure the rates are correct. This would then remove one stumbling block to enhancing differential fees.

6. Mandate the creation of a research fund to improve systems to encourage refillables. This should come from unredeemed deposits. Unredeemed deposits should not be used for program revenue to keep the CRF rates artificially low as it then incentivizes the use of containers that are less likely to be returned (particularly when it subsidizes those types of containers the most).

7. Mandate that retailers should be required to accept all beverage containers, not just the ones they sell as this is inefficient and frustrating for consumers. Barriers should be removed to having consumers be able to easily return their container to the stores where they bought them. This will be particularly important when deposits are raised as this should drive an increase in consumers returning their own containers. In addition, it helps to decrease the number of trips needed for consumers to do their errands which has time and GHG benefits. It will also help to encourage refillables and consumer behaviours of bringing things to the retail stores (such as reusable bags). Increase the return level to 5 dozen at a time for all retailers, not just ones in certain areas (i.e. remove the restriction regarding areas well-served with collection facilities).

8. Ensure that all collection facilities refund the full deposit -not part of it.

9. When making changes, keep in mind the primary goal must be to use resources efficiently and minimize waste through moving items up the pollution prevention hierarchy. While more of the street community has become involved over time as the deposit rates diminished (in relative value) and consumers no longer found it worth their time to return containers, support of the street community is not the primary purpose of the deposit program. The needs of the street community should be addressed in other ways and the deposit program should not be beholden to addressing those needs, though they should be considered in determining the impact of changes.

10. Maintain the ban on landfill and incineration for all beverage containers. There is no need to have any waste from this product category. If a product seems better suited for incineration as one stakeholder seems to suggest, it only serves to underline that those products should be designed out of the system and the system should be designed to limit long-distance shipments of what is essentially water.

Sincerely,

Sue Maxwell

December 2, 2011 1:55 PM

Subject: Deposit system

My comments:

- refillable container creates the best incentive for producers to reuse. Obviously, they have a vested interest in getting their containers back.

- increased deposits - deposits are the incentive for the consumer to do the right thing, recycle. When low deposit rates quit being that incentive, it's time to increase it. Five cents isn't enough. We should mirror the Alberta rates.

- return to retail - although the volume returned to retail has shrunk over the years, it's still the only alternative for many British Columbians (they don't drive, no depots available in many metro and rural areas).

- milk containers should be in the deposit system. The industry's spun diversion rate of 72% is wrong and the actual 47% diversion rate isn't acceptable. Look at what has happened in Alberta (a huge jump in diversion rates with no ill effects to sales).

- I know Encorp is in conflict with depots, again, over handling fees and contract language. Isn't it time for a stake holder's management board (isn't it funny the Brewers don't have contract or handling fee issues with depots?). Maybe, depots should be classified as a utility (as they are in Alberta).

Thanks

Clare Cassan