

Recycling Regulation – Beverage Container Program

Annual Report by the Director

2004-05 Reporting Period

Synopsis

The beverage container schedule of the Recycling Regulation encompasses all containers of ready-to-drink beverages, except for milk, milk substitutes, infant formula and meal replacements. The regulation requires a seller of beverages to collect a deposit from the purchaser, specifies the minimum amount of the deposit and requires sellers and/or depots to accept containers and pay a refund per container not less than the amount of the deposit collected. Containers are managed in accordance with three stewardship plans approved under the regulation.

In 2004-05, the overall recovery rate was **81.3 %**, down 2.5% from 83.8% in 2003-04.

Program Performance

Stewardship Agencies

The three stewardship agencies established by the beverage industry to meet their responsibilities under the regulation are

Encorp Pacific (Canada) (Encorp) is responsible for non-alcoholic beverage containers, representing **57.2%** of all containers sold. Encorp's overall recovery rate decreased just over 2% compared to last year, with an average decrease of 4% in the three highest number categories and an average 4% increase in the categories with fewer numbers of containers...Encorp believes the decrease in the overall recovery rate can be attributed to several factors, as follows:

1. difficulty from zoning issues in siting additional depots in the City of Vancouver, which currently has half the number of depots required for its size of population;
2. the difference, compared to the previous year, between the increase in containers sold (59 million) and the increase in containers recovered (28 million) was largely attributable to increased sale of bottled water in plastic containers less than 1 litre in size; bottled water is sold or distributed in different ways than traditional soft drinks and juices, including being given out as promotions, sold in home improvement and office supply stores, and to different types of consumers who aren't as familiar with the deposit/return system. Other Canadian provinces are also reporting a softening in their recovery rates for similar container types.

Liquor Distribution Branch (LDB) is responsible for wine, spirit, non-refillable beer, cider and cooler containers, representing **9.6%** of total containers sold. LDB's overall recovery rate also decreased, by 1.8% compared to last year, largely because of decreases in the rates for glass containers of both wine and spirits and non-refillable beer, cider and coolers.

LDB believes the decrease can, in part, be attributed to the growth in the number of private liquor stores. The start up inventory purchased by new stores inflates sales relative to returns. In addition, many of the new private liquor stores appear unaware of their obligations regarding container returns. More education is needed to ensure they are adhering to the minimum return requirement specified by the regulation.

Brewers Distributors Ltd. (BDL) is responsible for refillable glass bottles and aluminum cans for domestic beer, ciders and coolers, representing **33.3%** of total containers sold. BDL's overall recovery rate decreased by almost 3% compared to the previous year, with decreases in all categories, chiefly aluminum cans and non-industry standard refillable bottles.

According to BDL, several factors led to the drop in return rates for beer containers, as follows:

1. The additional 110 new retail locations that opened in 2004/05 required initial inventory to stock the stores. This inventory is counted as a sale when it has not been sold to the public, thus offering no possibility of return and thereby diminishing return to sale percentages. The differential will be eliminated over time, but hasn't shown up yet in return data.

2. An extensive audit of returns at large volume depots was undertaken in 2004/05 and resulted in actual returns for aluminum cans having been overstated compared to reported returns in the previous year.
3. The beer industry experienced a work stoppage in May, 2004 that limited the ability to pick up empty containers from depots and retailers during this period. Given inventory capacity and reduced pickups, some return locations may have turned away customers during the work stoppage, which occurred in a time when some people return several months of empties. There was a drop in returns during the strike and no appreciable increase in the months following.

Despite the reduced returns, there was a continued expansion in full deposit return locations, with 111 new net return locations created. Combined with new depot locations, the stewardship program now provides almost 1200 full deposit return locations throughout the province.

Of the total containers returned, over 175 million were reused. This is a significant tonnage not requiring either disposal or recycling, and also results in reductions in greenhouse gas emissions, although the data for the latter is so far only at a national level.

Overall Financial Information and Recovery Rate

Funding for the management of containers is generated through unredeemed deposits, revenue from sales of recyclable material and for some containers, brand-owner eco-fees. The following independently audited financial and recovery rate information has been provided by the industry stewards:

Stewardship Agency	Reporting Period	Deposits Received	Deposits Refunded	Units Sold	Units Recovered	Recovery Rate 2003	Recovery Rate 2004
Encorp Pacific (Canada)	January 1 - December 31, 2004	\$63,316,592	\$48,421,882	1,012,302,292	754,182,592	76.5%	74.5%
Liquor Distribution Branch	April 1, 2004 to March 31, 2005	\$18,614,347	\$16,567,991	169,425,311	151,798,265	91.4%	89.6%
Brewers Distributors Ltd.	April 1, 2004 to March 31, 2005	\$70,747,055	\$64,154,445	589,558,800	534,620,376	93.5%	90.7%
Overall Recovery Rate				1,771,286,403	1,440,601,233	83.8%	81.3%

For detailed data, see the chart on the final page.

Container Management

Encorp Pacific (Canada) <http://www.encorp.ca>

Information on the processing of containers and the marketing of the recyclable product is contained in the 2003 Annual Report on Encorp's website. One significant issue is that aseptic, stand up pouches and some bag-in-box containers are still not fully recyclable with technology currently available in North America. Options being explored include shipment to a facility in Europe and/or waste-to-energy. This is one of the issues that will be addressed in the review of the beverage container program in 2006.

For information: Ph 604-473-2400 (Greater Vancouver); 1-800-330-9767 (Rest of BC)

Liquor Distribution Branch <http://www.bliquorstores.com/en/customerservice/depositrefund>

Under an agreement with the Liquor Distribution Branch, Encorp Pacific (Canada) recycles LDB's containers. Information on the processing of containers and the marketing of the recyclable product is contained in Encorp's Annual Report on its website.

For information: Ph 604-252-3029

Brewers Distributors Ltd. <http://www.brewers.ca>

The vast majority of bottles are refilled an average of 15 times each. The small percentage of these bottles that are unsuitable for refilling are culled and sent to a processing facility for crushing and subsequent use in the manufacture of new bottles and various other uses.

Aluminum cans are crushed into biscuits and shipped to an aluminum recycler for production of new aluminum cans and other fabricated aluminum products.

For information: Ph 604-664-2300

Associated Agencies

The Beverage Container Management Board (BCMB)

The BCMB was specifically mentioned in the previous Beverage Container Regulation, but with its repeal by the Recycling Regulation, which has no reference to the BCMB, the board members met for the last time on December 13, 2004.

Recycling Council of BC (RCBC) <http://www.rcbc.bc.ca>

RCBC provides information to callers to its Recycling Hotline on a number of stewardship issues, under contract to various stewards.

For information: Ph 604-732-9253 (Greater Vancouver), 1-800-667-4321 (Rest of BC)

Detailed Container and Recovery Rate Information

Container (type and size)	Deposit (¢)	Container Recycling Fee (¢)	Deposits Received (\$)	Deposits Refunded (\$)	Sales (units)	Returns (units)	Recovery Rate 2003	Recovery Rate 2004
Encorp Pacific (Canada)								
Aluminum cans	5	1	\$22,487,391	\$18,853,218	449,747,827	377,064,367	84.2%	83.8%
Plastic ≤ 1L	5	3	\$13,761,250	\$9,321,099	275,224,998	186,421,983	75.4%	67.7%
Drink Box ≤ 500ml	5	0	\$5,291,209	\$2,741,194	105,824,174	54,823,887	52.6%	51.8%
Plastic > 1L	20	4	\$14,060,054	\$12,580,226	70,300,270	62,901,129	88.5%	89.5%
Glass ≤ 1L	5	4	\$2,938,894	\$1,945,301	58,777,881	38,906,029	63.2%	66.2%
Drink Box 501ml to 1L	5	4	\$1,570,864	\$1,122,590	31,417,274	22,451,794	65.4%	71.5%
Gable top > 1L	20	0	\$2,445,682	\$1,432,808	12,228,412	7,164,040	57.9%	58.6%
Bimetal ≤ 1L	5	0	**	**	16.83%	21.09%	51.1%	53.0%
Bimetal > 1L	20	0	**	**	-4.25%	6.29%	46.8%	51.9%
Gable top ≤ 500 ml	5	0	**	**	2.65%	-0.74%	33.0%	31.9%
Gable top 501 ml to 1L	5	0	**	**	-17.05%	-8.85%	37.4%	41.1%
Glass > 1L	20	5	**	**	-34.76%	17.46%	78.3%	140.9%
Bag-in-box	20	0	**	**	-25.17%	-33.26%	69.9%	62.4%
Encorp Totals			\$63,316,592	\$48,421,882	1,012,302,292	754,182,592	76.6%	74.5%
* fees in effect until end of 2005 and are subject to change; refer to Encorp website for current fees								
** figures for container types with fewer than 10m annual sales may provide information considered to be commercially confidential; therefore only percentage changes from 2003-04 are shown for sales and returns								
Liquor Distribution Branch								
Total Glass - wine and spirits			\$7,928,788	\$6,863,733	67,847,102	58,630,539	88.4%	86.4%
≤ 1L	10		\$5,640,633	\$4,862,376	56,406,329	48,623,756	88.0%	86.2%
> 1L	20		\$2,288,155	\$2,001,357	11,440,773	10,006,783	90.2%	87.5%
Total Glass - non-refillable beer, cider, cooler			\$9,082,602	\$8,520,246	90,051,434	84,601,769	95.8%	93.9%
≤ 1L	10		\$8,927,685	\$8,400,107	89,276,851	84,001,072	95.9%	94.1%
> 1L	20		\$154,917	\$120,139	774,583	600,697	87.2%	77.6%
Total Plastic			1,292,430	1,053,675	9,974,140	7,914,271	79.9%	79.3%
≤ 1L	10		\$702,399	\$529,180	7,023,986	5,291,797	78.7%	75.3%
> 1L	20		\$590,031	\$524,495	2,950,154	2,622,474	82.4%	88.9%
Bag-in-box	> 1L	20	\$310,527	\$130,337	1,552,635	651,686	42.7%	42.0%
LDB Totals			\$18,614,347	\$16,567,991	169,425,311	151,798,265	91.4%	89.6%
Brewers Distributors Ltd.								
Aluminum cans	10		\$47,341,621	\$42,847,870	394,513,512	357,065,580	94.1%	90.5%
Industry standard bottles	10		\$18,233,270	\$16,888,330	151,943,916	140,736,084	93.8%	92.6%
Non-industry standard bottles (refillable)	10		\$5,172,164	\$4,418,245	43,101,372	36,818,712	87.3%	85.4%
BDL Totals			70,747,055	64,154,445	589,558,800	534,620,376	93.5%	90.7%
Beverage Program Totals			\$152,677,994	\$129,144,318	1,771,286,403	1,440,601,233	89.6%	81.3%

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