
British Columbia Product Stewardship Program: Beverage Containers (updated Feb. 2009)

Background

In the 1950s and 1960s, the North American beer and soft drink industries underwent a restructuring. They reduced the number of bottling plants and began distributing beverages in single-use bottles and cans rather than traditional refillable bottles. This gave rise to a litter problem. In response, British Columbia adopted the Litter Act in 1970, requiring retailers to take back empties and provide a refund. This did not cause a problem for the beer industry because Canadian brewers were still selling much of their beer in refillable bottles that were returned to liquor stores. The program did require extra effort by the grocers and soft drink producers, but it was popular with consumers and achieved high recycling rates, above 70 percent.

During the 1980s and early 1990s, there was pressure to expand the deposit program to cover “new age” beverages, wine and liquor. Pressure was particularly strong from local governments because plastic and glass containers were difficult to manage in curbside recycling programs. The program was expanded in 1997 when the Beverage Container Stewardship Program Regulation was initiated, requiring refundable deposits on all beverages except milk and all beverage container types, e.g. bottles, cans, cartons, aseptic, stand-up pouches, etc. The Recycling Regulation, adopted in October 2004, replaced the Beverage Container Stewardship Program Regulation and contains most of its provisions. The Recycling Regulation establishes the collection goal of 75 percent recovery rate for beverage containers.

How the Program Works

Beverage producers are required to submit a “stewardship plan” for taking back and recycling of their containers every five years. Two plans are now in effect, submitted by Encorp Pacific and Brewers Distributors Ltd (BDL), but BDL is not yet posted on the provincial website. The two plans are described as follows:

1. Encorp Pacific (Canada): Is a federally incorporated, not for profit, product Stewardship Corporation with beverage container management as the core business. The Board of Directors consists of representatives of the beverage and retail grocery industries as well as directors who have no connection with either industry. Encorp is responsible for non-alcohol beverage containers as well as most alcohol containers, except for alcohol cans and refillable containers. Encorp contracts with a network of independent private bottle depots that take back containers, issue refunds and sort the containers for recycling. According to the report titled Economic Impacts of the B.C. Recycling Regulation of August 2008, Encorp collected about 76,000 tons of materials, 57,000 tons of glass and 11 tons of plastic and 5 tons of aluminum in 2007,. Direct employment related to the recycling activities amounted to approximately 775 full-time jobs. In addition to the 170 collection depots, grocery retailers take back empties and provide refunds in British Columbia; however, their market share has been declining as the depot system has grown. Encorp also manages the transport of containers from depots and retailers to regional processors for recycling.

2. **Brewers Distributors Ltd (BDL):** BDL collects a number of containers and materials on behalf of brand owners including domestic refillable glass beer containers, imported and domestic beer cans and domestic refillable glass cider bottles. It also collects and returns beer kegs to brand owners. The BDL system is based almost exclusively on retail returns rather than bottle depots, so beer containers are mainly returned to government and private liquor stores at over 1251 locations. In the 2007/08 Annual Report, BDL reported collecting 550 million beer containers which was a 92 percent return rate accounting for 95 percent of all refillable bottles and 91 percent of all beer cans. BDL reports that the majority of bottles are refilled 15 times on average. BDL provides a closed-loop container return system by making beer deliveries and handling returns on the same trip. This minimizes truck traffic and reduces the carbon footprint. The system is convenient for consumers, which leads to a high collection rate. Direct employment was estimated to exceed 405 full time jobs, mostly from the depot operations that are not exclusively devoted to handling beer containers.

Financing by Industry Stewards

The refundable deposit on beverage containers is set in the regulation, but other financing mechanisms are set by the industry. In the case of Encorp, the revenues from deposits in 2007 amounted to about \$89 million. In addition, Encorp charges a non-refundable recycling fee which is passed through to consumers, which ranges from 0 cents (for aluminum cans) to 5 cents (for glass bottles over 1 liter in size) yielding revenues of \$19 million per year. In addition, Encorp receives \$6 million per year in contract fees (from the LDB and the Dairy Council). Encorp also reports annual revenues of \$15 million from the sale of recyclable materials.

On the expenses side, Encorp pays handling commissions to bottle depots that are established in their contracts, amounting to \$43 million per year, and transport and processing fees amounting to \$20 million per year and incurs administrative and other expenses of \$5 million per year. Encorp maintains a reserve that has grown to \$16 million, which it uses to cover any shortfalls due to changing conditions (for instance, higher returns will cut into the pool of unclaimed deposits). The recycling fees are adjusted to maintain the reserve at a constant level.

Role of the Provincial Government Versus the Private Sector

As with all stewardship programs in BC, the provincial government's role is to establish the "outcomes" for the program, mainly being collection goals, and monitoring and enforcing the program performance. The producer's role is to design and implement the program and report results to the government. The consumer's role is to use the system correctly and help pay for it. These roles were established in a Business Plan for industry product stewardship issued by the Ministry in 2002. The ministry vision for product stewardship is: *End-of-life products and packaging are managed under environmentally sound and effective waste management systems that are financed and operated by producers, rather than by general taxpayers.*

Role of Local Government

Local governments, which traditionally provide waste services, may participate in stewardship programs voluntarily under negotiated arrangements. In the case of beverage containers, local government is not directly involved in the program, except to support education and awareness efforts initiated by Encorp Pacific and BDL. Therefore, implementation of the stewardship program has reduced waste disposal

costs, recycling costs, and litter abatement costs as a result of the program. The Union of British Columbia Municipalities estimated that the financial impact of the program would be about 7 million dollars in reduced costs for curbside collection.

Additional Information:

- BC Product Stewardship Programs: Overview
<http://www.env.gov.bc.ca/epd/recycling/index.htm>
- BC Beverage Container Stewardship Programs
<http://www.env.gov.bc.ca/epd/recycling/bev/index.htm>
- BC Recycling Regulation (2004, updated in 2008)
http://www.bclaws.ca/Recon/document/freeside/--%20E%20--/Environmental%20Management%20Act%20%20SBC%202003%20%20c.%2053/05_Regulations/40_449_2004%20Recycling%20Regulation/449_2004.xml#Schedule1BeverageContainerProductCategory
- Encorp Product Stewardship 5-Year Business Plan October 2006
http://www.encorp.ca/stewardship/Stewardship_Plan_2006.pdf
- Encorp 2007 Annual Report http://www.encorp.ca/temp/200921534211/AR2007_Web.pdf
- Economic Impacts of B.C. Recycling Regulation (Aug. 2008)
<http://www.env.gov.bc.ca/epd/recycling/resources/reports/econ.htm>