



September 20, 2019

Submitted via Email:

plastics@gov.bc.ca

Ministry of Environment and Climate Change Strategy
Recycling Regulation Amendments
PO Box 9341 Stn Provincial Government
Victoria, BC V8W 9M1

RE: PLASTICS ACTION PLAN POLICY CONSULTATION PAPER

Thank you for the opportunity to respond to the Ministry of Environment and Climate Change Strategy's Plastics Action Plan Consultation Paper.

Encorp Pacific, better known as Return-It, is an industry owned, not for profit, product stewardship agency with beverage container management as its core business. Our mandate is to develop, manage and operate a cost effective system for the responsible collection and recycling of beverage containers across British Columbia. We have been operating extended producer responsibility (EPR) programs in BC for 25 years and focused on providing a convenient, efficient and environmentally sustainable network for everyone in BC.

We are aligned with the government's efforts to protect the environment and divert plastic and other waste from the landfill and our oceans. Diverting beverage containers from landfill, our oceans and waterways remains our highest priority and has informed our mandate over the last 25 years. Over the last 25 years, we have diverted more than 20 billion used beverage containers from our oceans and landfills. As the largest and most recognized EPR agency in BC, we will continue to collaborate with the Ministry of Environment to be a leader in EPR program performance in Canada.

We have outlined our comments below on the Ministry of Environment and Climate Change Strategy's Plastics Action Plan Consultation Paper. In summary:

- We support modernizing the depot system by enabling electronic refunds as this is very much aligned with consumers' expectations when returning their recyclables.
- We recommend Schedule 1 of BC's Recycling Regulation be amended as follows:
 - Collapse beverage container types under and over 1 litre to be aligned with unified deposits
 - When referencing deposit and deposit refunds, remove the reference to a minimum and not less than deposit level given industry has the responsibility to manage the beverage deposit program in British Columbia.
- We support a unified deposit of 10-cents as this will result in operational efficiencies throughout our system and our sorting processes.
- We do not recommend any further increases to the deposit level. Deposit increases have a direct financial impact on the consumer. An overall increase in the deposit from the current 5 cents to 10 cents is estimated to have an upfront financial consumer impact of \$55 million.
- If the proposed 10-cent deposit is expanded to non-alcohol beverage containers, it is imperative that aluminum beer cans be included in all Return-It depots. Currently, less





than half of Return-It depots are licensed by the Brewers' Recycled Container Collection Council (BRCCC) to refund aluminium beer cans. To offset the cost of handling containers for which depots receive no handling fees, most of the unlicensed Return-It depots 'discount' deposit refunds. This means 1 in 3 aluminum beer cans are being 'discounted'; and a \$2.7 million annual cost is forgone by the consumer from their deposit refund being 'discounted'.

Expanding Plastic Bottle and Beverage Container Returns

We are aligned on the importance of enhancing existing programs and evolving recycling systems to meet consumers' expectation. In 2018, we increased our used beverage container recovery rate from 75% in 2017 to 77.4% in 2018. This represents an additional 22 million containers recycled as compared to the year prior. In looking at the recovery rate specifically for plastic beverage containers, in 2018, we diverted over 386 million plastic bottles from our oceans and landfill. This is an increase of over 6 million from 2017.

Through our research, we know that education and convenience are the most important motivators for recycling. Our programs are focused on these motivators so that we can help protect our oceans by keeping unwanted materials out of our marine environment. The key reason consumers throw away refundable beverage containers is due to inconvenience. People in BC want to recycle and do the right thing, but if the experience does not meet their expectations they may choose to discard containers rather than recycle them. Therefore, in 2018, we made significant investments in new systems and infrastructure through our Return-It Express system to attract and retain consumers to our collection network and redefine the recycling experience for consumers in BC. The Return-It Express System provides a level of convenience that has proven to attract new customers and increase the number and variety of beverage containers registered users recycle. So far, we have over 50 thousand registered users and the consumer feedback has been great. Our studies report a 95% improved customer satisfaction level, and over 90% would recommend Express to friends and family - so we know that people are loving it enough to share their experience.

We support modernizing the depot system by enabling electronic refunds as this is very much aligned with consumers' expectations when returning their recyclables. This is also a key element of our Return-It Express program. We are very pleased to see this reflected in the consultation paper.

Unified Deposits

While there are a number of reasons consumers recycle, including convenience and education, we are supportive of a unified 10-cent deposit, as this will simplify and result in operational efficiencies throughout our system and our sorting processes.

We recommend Schedule 1 be amended in two parts. Firstly, to collapse beverage container types under and over 1 litre to allow for better compaction at the depot and reduced transportation and collection, thereby reducing greenhouse gas emissions and our environmental footprint. Secondly, when referencing deposits and deposit refunds, we ask that you remove the reference





to a minimum and not less than deposit level given industry has the responsibility to manage the beverage deposit program in British Columbia.

As referenced in your consultation paper, the proposed 10-cent deposit will harmonize with other jurisdictions such as Oregon, which as you note, further increased their recovery rate due to enhanced return options similar to our Express model. We do not recommend any further increases to the deposit level. Deposit increases have a direct financial impact on the consumer. An overall increase in the deposit from the current 5 cents to 10 cents is estimated to have an upfront financial consumer impact of \$55 million. With the potential of milk and milk substitutes being included, this impact would be far greater impacting consumer affordability.

Furthermore, if the proposed 10-cent deposit is expanded to non-alcohol beverage containers, it is imperative that aluminum beer cans be included in all Return-It depots for the following reasons:

- Consumers value convenience and prefer returning all of their aluminum beverage containers at one location. Currently, less than half of the Return-It Recycling Depots across B.C. are licensed by the Brewers' Recycled Container Collection Council (BRCCC) to refund aluminium beer cans. BRCCC cites 1,145 existing return sites, primarily within the retail sector. These retail return sites have limits on the number of beverage containers consumers can return for a refund whereas Return-It depots will accept unlimited amounts of beverage containers from all consumers.
- Customers do not distinguish between the BRCCC licensed and non-licensed Return-It depots and expect all containers to be accepted at the Return-It depots. To offset the cost of handling containers for which depots receive no handling fees, most of the unlicensed Return-It depots discount deposit refunds. This has created significant inequity for depot operators, and for consumers who are not receiving the full deposit refund they paid at the time of purchase.
- Given this gap, every year, approximately 150+ million aluminum beer cans (30% of all aluminum beer cans) are 'discounted' at our Return-It depots to cover the short fall from not receiving any handling fees to manage this material. This means 1 in 3 aluminum beer cans are being 'discounted'. This represents a \$2.7 million annual cost forgone by the consumer from their deposit refund being discounted. With the potential of a unified 10-cent deposit in British Columbia, this will create further challenges.
- We also regularly receive complaints from consumers on not being refunded their full 10-cent refundable deposit for aluminum beer and refillable beer bottles at a Return-It depot. Consumers value convenience and prefer returning all of their aluminum beverage containers at one location. Creating complexity and disparity in the recycling of aluminium beer cans leads to confusion, frustration and a financial burden. The beverage deposit system is intended to be a motivator for consumers to recycle and when this motivator is being discounted or not paid, it is perceived as unfair and not equitable.
- For the 42% BRCCC licensed Return-It Depots where a handling fee is paid, the payments are disproportionately less for aluminum beer cans than what Encorp pays depots for non-alcohol aluminum beer cans. Encorp's handling fee is 90% higher than that of BRCCC. Given the material is identical, we recommend the same handling fee be applied regardless of whether it contains alcohol or not. Eliminating the disparity and improving equity is also consistent with the Ministry of Environment and Climate Change Strategy's





recent guidance document *Producers Managing the Cost of Obligated Materials and Dispute Resolution (2018)*.

Furthermore, if milk containers are included as part of the deposit program and managed by Encorp's Return-It system, all beverage containers (except for aluminum beer cans) would be managed within the Return-It system. It therefore does not make sense that one particular material stream is not captured and inconsistent with the Ministry's position of standardizing deposits to reduce consumer and retail confusion.

We have been managing the beverage container deposit program for 25 years and proud of our business model and leadership in providing efficient and effective recycling services through our existing network and infrastructure.

Reducing Plastics Overall

Beyond the beverage container management program in British Columbia, we are also committed to take a leadership role in reducing plastics within our operations. As a result, we have signed on to The New Plastics Economy Global Commitment led by the Ellen MacArthur Foundation and have committed to eliminating single-use plastic film from our supply chain by 2025. Our partnership with Ocean Ambassadors Canada also includes expanding their program so that more students can learn about how plastics affect the marine environment, and become life-long ambassadors who can make a meaningful impact in their schools and communities. Our sponsorship will give 165 elementary school students – who may not otherwise have the means to participate – the opportunity to take part. These and other partnerships are key in our efforts to be an environmental leader and steward.

We thank you for the opportunity to respond. As the largest and most recognized EPR agency in BC, we will continue to deliver the best known and most respected EPR program in British Columbia. We look forward to collaborating with the Ministry of Environment to be a leader in EPR program performance in Canada.

Regards,

ENCORP PACIFIC (CANADA)

A handwritten signature in black ink, appearing to read 'Allen Langdon', written in a cursive style.

Allen Langdon
President & CEO

