
MEMORANDUM

WMPSC-C 36-2019

Subject: Deposit Return Programs

Date: Monday, October 28, 2019

To: Waste Management Planning Steering Committee

From: Susan McPetrie, Waste Management Services Advisor

This memorandum provides information on deposit return programs for beverage containers in reference to the Councillor Information Request from the August 26, 2019 meeting of the Waste Management Planning Steering Committee, Minute Item #3.2.

Ontario's Deposit Return Program

Most provinces and territories in Canada have some form of deposit return program for plastic bottles (Appendix A). Currently, Ontario only has a deposit return program for alcohol beverage containers. Expanding on the Beer Store's long-running deposit program for beer containers, the Provincial government introduced legislation in 2007 to place a deposit on all alcohol beverage containers. For 2018, the program reported a total recovery rate of 81%; however, for PET plastic containers the recovery rate was only 55%.

Historically, there was also a deposit return program for refillable glass non-alcohol beverage containers in Ontario. However, in the mid-to-late 1970s there was a move in the beverage industry to aluminum cans and plastic bottles, which led to a substantial decrease in the percentage of refillable glass containers in use by the 1980s. To address the growing waste problem created by this shift, the Ontario government attempted to legislate against the use of non-refillable bottles, but was met with significant opposition by beverage brand owners. A compromise was negotiated, and the Province implemented a voluntary target of 40% refillable containers and a requirement that the remaining containers meet a 50% recycling rate by 1988. To achieve this target, the Ontario Soft Drink Association established Ontario Multi-Material Recycling Incorporated (OMMRI), tasking the organization with funding and developing the curbside recycling program in Ontario. In 1987, OMMRI pledged \$20 million over 4 years to fund the Blue Box program, which was matched by the Province. The growing success of curbside recycling marked the end of Ontario's deposit return system for non-alcohol beverage containers, with use of refillable containers declining to 3% by the end of the 1980s.

Transition to Extended Producer Responsibility

Under Ontario's current Blue Box Program, companies that introduce packaging and printer paper into Ontario's consumer marketplace contribute 50% of the funding for Ontario's municipal Blue Box Programs. These companies are referred to as

"stewards". In 2016, the Province passed the Resource Recovery and Circular Economy Act, creating a legislative framework for an extended producer responsibility (EPR) model that makes stewards accountable for recovering and reducing waste associated with their products and packaging. Planning for transition to this model is currently underway and an approved plan is expected no later than December 31, 2020 (WMPSC-C 32-2019). When operational management of the Blue Box Program is handed over to the producers, it is likely that program alternatives will be considered. A deposit return program may be one option pursued under this framework.

British Columbia's Deposit Return Program

British Columbia provides an example of a deposit return program operating under an EPR framework. The province-wide beverage container deposit return program in British Columbia began with the enactment of the Litter Act in 1970. In 1997, it was expanded from soft drink and beer containers only, to include all ready-to-serve beverages sold, excluding milk and milk substitutes. In 2004, the Recycling Regulation consolidated all British Columbia product stewardship regulations, including the Beverage Container Stewardship Program, into a single regulation. This regulation established a minimum goal of a 75% recovery rate and required that redeemed containers be either refilled or recycled. The Recycling Regulation was amended in 2011 to make stewards responsible for the costs of collecting, sorting and recycling their products. The stewards are represented by two agencies, Encorp Pacific Canada (Encorp) for non-alcohol, wine, spirits and other beverages and Brewers Distributors Limited (BDL) for coolers, beer and cider. Encorp's collection network includes 173 independent depots and over 500 retail outlets. As of June 2015, BDL provides for container returns at 113,521 locations.

All beverage containers in British Columbia carry a refundable deposit of 5, 10 or 20 cents based on size and beverage type. The full deposit amount is returned to the consumer when the container is returned to a depot or participating retail store. The returned bottles are collected by over 30 contracted transport companies and taken to more than 17 central processing sites across British Columbia, where they are compacted for shipment. Processors receive bags of mixed containers and prepare them for the appropriate recycling market by sorting, crushing, and baling the glass, aluminum, plastic, and other materials.

In 2016, unredeemed deposits represented 19% of funding for the program and an additional 17% of funds came from the sale of collected materials. The remaining funding is collected through a non-refundable Container Recycling Fee (CRF) charged to the consumer at the time of purchase. Implemented by the beverage industry, CRFs vary depending on the value of the material and the collection rate for a particular container. Current CRFs, range from no fee for aluminum cans to 17 cents for glass bottles over 1 litre.

British Columbia's provincial recycling rates for all beverage containers with deposits reached 84% in 2014. For comparison, Ontario's recycling rate for non-deposit containers in 2014 was 51%. Based on Encorp's annual reports, recovery rates have met or exceeded the 75% regulatory target consistently over the past decade.

Program Considerations

Studies of deposit return systems suggest that the responsibility for a successful program lies primarily with producers. A report published by research and consulting firm Eunomia in 2019, which reviewed international deposit systems, found that programs that consistently achieve high recovery rates at a low cost share similar characteristics, including being managed and paid for by industry. A legislative framework that establishes targets, mechanisms for continual improvement and responsibilities for oversight and enforcement also contributes to effective operation of deposit return programs. Additionally, achieving high recovery rates is facilitated by ensuring that redemption infrastructure is accessible and convenient for all residents. Finally, implementation of a comprehensive program with a broad scope creates higher tonnages and drives economies of scale. This also reduces customer confusion and the ability of free riders to avoid deposits.

Next Steps

With the transition to the EPR model for the Blue Box Program, producers may consider a province-wide deposit return program as part of a comprehensive recycling system. Until more information on the transition plan is released, it is recommended that Niagara Region wait for more details and provide feedback when given the opportunity, to ensure that the quality, accessibility and convenience of Niagara's recycling programs are maintained or improved throughout the transition process.

Respectfully submitted and signed by

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Waste Management Services Advisor

Appendices

Appendix A – Canadian Deposit Return Programs by Province