

**Title:** Thursday, September 20, 2007 Environment Committee

Date: 07/09/20

Time: 1 p.m.

[Mr. Ducharme in the chair]

**The Chair:** Good afternoon, everyone. I'd like to welcome everyone here that is joining us today for the Standing Committee on Resources and Environment. We began our public hearings earlier this week in Edmonton, and I can tell you that the information that we received was both interesting and very well received. I'm certain that the information that we'll be receiving at today's public hearings will also be able to assist this committee in its deliberations as it pertains to the beverage container recycling regulations.

Before we proceed, I'd like to start by asking all the members at the table to please introduce themselves. If I can start with those to my left.

**Mr. Griffiths:** Doug Griffiths, MLA for Battle River-Wainwright constituency.

**Mr. Eggen:** Good afternoon. My name is David Eggen, and I'm the MLA for Edmonton-Calder.

**Mr. Lund:** Good afternoon. I'm Ty Lund, the MLA for Rocky Mountain House.

**Ms Rempel:** Jody Rempel, committee clerk with the Legislative Assembly Office.

**The Chair:** I'm Denis Ducharme. I'm the MLA for Bonnyville-Cold Lake.

**Dr. Swann:** David Swann, Calgary Mountain-View.

**Ms Calahasen:** Pearl Calahasen, Lesser Slave Lake.

**Mr. Hinman:** Paul Hinman, Cardston-Taber-Warner.

**Mr. R. Miller:** Good afternoon. Rick Miller, MLA, Edmonton-Rutherford.

**The Chair:** Before we get into the presentations, I'd just like to go through a few housekeeping items if I may. For any of the presenters and observers I'll point out that there's a table at the back of the room with coffee, tea, and water. We've allowed each of the presenters 25 minutes to do their presentation, hopefully around 15 minutes for the presentation and then allowing about another 10 minutes for questions and answers from the committee members. I'd ask all of you here in the room that have cellphones or BlackBerry's: if you could put them onto the silent mode, it would be greatly appreciated. For my colleagues at the table if you could put them into your pockets rather than on the table because when you do receive messages, it kind of interferes with our *Hansard* staff. Mikes are all automatic.

I'd also like to advise the committee that earlier this morning we were advised that the presenter at 3 o'clock will not be with us. If the next presenters are in the room, we'll just continue to flow through from there.

I thank everyone for your patience. If there are no other comments from members, I'd like to begin with the presentations. I'd like to first of all thank our first presenter for being so kind as to accord us to change the schedule around. I thank you ever so much for that, sir. It's very nice of you. First, I'd like to call on Mr. Hildebrand. When you are ready, first of all just introduce yourself in the mike and go on with your presentation, please.

**Dale Hildebrand**

**Mr. Hildebrand:** Thank you, Mr. Chair. My name is Dale Hildebrand. I'd like to thank you for the opportunity to expand upon the comments I made in my written submission of August 24. This presentation is being made by me personally. There's no organization that's supporting me to be here today. I was on vacation when I put together the written submission as probably is evident from some of the spelling mistakes – and I apologize for those – although I hope that my comments were of some assistance to the committee.

What I'd like to do today is bring to the standing committee what I hope is a unique and valuable perspective on the diversity and financial makeup of the beverage container depots in Alberta. Over the past three years I've been providing consulting services to the Beverage Container Management Board, and my assignments have included the collection of detailed financial and operational data from the 216 active depots in the province; analyzing the data to determine the actual costs of operating the depots; recommending handling commissions, which determine how depots earn their revenues; responding to information requests from interested parties and the Handling Commissions Review Panel, which is in the process of completing their report to the Beverage Container Management Board, that will make recommendations for new handling commissions.

From this work I've performed, I would like to share with you firstly a few high-level statistics, which are on the second slide. Of the 216 active depots in 2006 they collected almost 1.5 billion containers. I estimate the cost of operating the depot system in Alberta at about \$60 million per year. The average handling commission is about 4 cents per container, both the current handling commission and the handling commission that I have proposed. However, the handling commission that I have proposed has a different structure and different rates for different container types than those that are currently in place. The value of the deposits returned to consumers in 2006 was about \$110 million, for an average of about 7.6 cents per container. Over half of the containers that are returned are actually aluminum cans.

In the process of completing these assignments, I've had the unique opportunity to review the financial statements and tax returns of the depots and in some cases personal tax returns of the depot operators.

If I could just ask you to go to the next chart, please. The depots are categorized by the BCMB as metro, urban, and rural. The metro depots are in the cities of Edmonton and Calgary, the urban depots in other Alberta cities, and the rural depots in the smaller centres. Most of the rural depots do not compete with other depots. They are literally the only game in town.

A large percentage of the beverage container depots in Alberta are family-operated businesses, with in some cases some families owning multiple depots. About 6 per cent of the containers are processed by depots that are operated by charities. About 20 per cent of the returned containers are processed by businesses that have more than one business in the same location. For example, a gas station, a convenience store, and a depot may all operate at one location. From this chart you can see that there's a significant difference in the number of containers that the smaller beverage container depots process compared to the larger. As noted on the chart, about 5 per cent of the large depots process over 20 million containers per year and process about 20 per cent of the total system. These large depots would have annual revenues of close to a million dollars a year or over a million dollars per year.

On the other hand, about 20 per cent, or 42, of the smallest depots process less than a million containers per year and only process

about 1 and a half per cent of the total system. These depots would have annual revenues of less than \$40,000 per year. Considering that a depot requires building space, some equipment in order to operate, annual revenues of \$40,000 or less and in some cases as low as \$12,000 per year does make it difficult for them to be profitable.

The next chart shows my estimation of the derived net income for about 175 of the depots in 2006. As you can see from this chart, about 75 per cent of the smaller depots with revenues under 5 million containers per year were not profitable. In my view, these depots do not have adequate revenues to recover the cost of their building and their equipment and in some cases to recover the cost of the labour to operate the depot. For depots with over 5 million containers per year, 75 per cent of them are profitable, and you can see from the chart that the higher the volume they process, the greater the profitability.

But as you can also see from the chart, perhaps looking in the 15 million to 20 million containers per year range, there's a wide diversity in the profitability of the depots. For example, a large depot at 20 million containers per year in size can either have profits of \$150 million a year or have a loss of \$150 million – \$150,000. I'm sorry.

**The Chair:** I was starting to look for a depot myself.

**Mr. Hildebrand:** I'm too used to working in the utility industry, where it's always millions.

The significant difference in profitability amongst these beverage container depots leads me to believe that some depots are significantly more efficient than others, and I believe that more that can be done to improve the efficiencies of these depots, which will help to lower costs to consumers in the long run.

As we all know, the cost of buying or leasing a building to house a depot, especially in Edmonton and Calgary, has increased significantly in recent years. In order for a new depot to be viable, I estimate that they would need to process about 20 million containers per year to make a go of it in Edmonton or Calgary, and that means that they would have to be in the top 5 per cent by size. So given the challenge of starting a depot, quickly becoming very large, it's unlikely that you'll see very many entrepreneurs coming forward and seeking permits in Edmonton and Calgary. I also note that obtaining a suitable location is also a constraint due to municipal zoning issues. Increasing the potential volume and the revenues for depots will help additional metro depots get off the ground.

These results, in conclusion, support a number of the recommendations I've made to the panel. Overall, in order to have a viable beverage container network in Alberta, over the long run it is imperative that these small businesses have the opportunity to earn a profit. I believe that one of the ways that you can help them is to provide them with the opportunity to increase their revenues, which can come from giving them the opportunity to process more containers. Therefore, I have recommended that milk containers should be brought into the system, deposit levels should be increased to encourage high return rates, greater focus should be made on consumer education and environmental awareness – again, to encourage higher return rates – and consideration be given to additional postconsumer packaging and products being brought into the beverage container return system; for example, batteries, other food containers, electronic equipment, et cetera.

**1:10**

Overall the system, in my view, works well, and it should be optimized to increase its value to Alberta consumers. Most depots can increase their throughput without increasing the size of their

operation. For most depots the limiting factor is the amount of storage space they have. If containers could be picked up by the manufacturers twice as often, they could process twice as many containers.

My observation over the past three years is that the beverage container return system in Alberta has many challenges and opportunities. There appear to be, in my mind, many parallels between this industry and the electric utility industry, where I do the bulk of my consulting work. In the electric utility industry stakeholder boards were a requirement for some of the implementing agencies to get off the ground in the restructured and deregulated industry starting back in 1996. After about eight years, however, the new industry structure had matured to the point where the Alberta government determined that a change from stakeholder board to independent governance was required to take the industry to the next level, and these changes have been very successful. Based on this experience, I believe that Alberta consumers would be better served by knowledgeable and dedicated individuals providing governance for the Beverage Container Management Board.

Thank you again for the opportunity to provide these comments. I hope they're helpful in the development of your recommendations for the beverage container recycling regulation, and I'd be more than pleased to answer any questions you may have.

**The Chair:** Thank you, Mr. Hildebrand. Are there any questions from the committee?

**Ms Calahasen:** If a number of these bottle depots, as you indicated, are not profitable, why would they be doing the work that they're doing, and how do they survive?

**Mr. Hildebrand:** I think that at the very small depots, the ones that are not as profitable, they're simply not receiving a return on the building. They're operating out of a building they own, and they're not being compensated fully for that. Most of them are owner-operators, and the revenues they receive – I've seen their personal tax incomes. They're not making a lot of money. A lot of them supplement their incomes by working in other places. I think some of them do it because they think it's the right thing to do, and it's a service they're providing to their community.

All of those things aside, I'm not sure how they can be viable in the long term. There are a number of the very small depots that are closing, and they're not being replaced.

**Ms Calahasen:** Mr. Chairman, having said that, then, as an example we heard two days ago that B.C. has opened up many other depots, and there's a competitive edge attached to that. They appear to be doing well. You're saying that we allow more competition to happen and more depots to open. Will that create a problem for the viability of those depots, or is there something that you're suggesting that would allow them to be not only competitive but also to be viable?

**Mr. Hildebrand:** I think there are a couple of pieces to your question. The handling commissions I have recommended include a small fixed fee, so those very small depots would get a certain amount of money every month just for providing that service. I think that's how we will help those very small depots in very small communities remain viable and be able to even comply with the BCMB's standards for having a certain number of parking stalls and cash registers and those kinds of things.

The competition to have more outlets in the urban centres: absolutely. There's a need. We know that return rates are going

down, and I think that depots in the larger centres can compete. In the smaller centres I don't think you'd see somebody coming into a small town and trying to compete with the existing depot. I mean, there just isn't room for two.

**Ms Calahasen:** Thank you.

**The Chair:** Mr. Lund.

**Mr. Lund:** Thank you. Thank you very much for this presentation. It answered a number of questions that I was going to ask as far as the viability of the bottle depots. Certainly, representing a large rural constituency, I know how some of them struggle. As a matter of fact, in one village twice if not three times somebody has tried to operate there, and there just simply was not enough.

It's interesting that you mention the milk containers, then, to try to increase the viability of some of these smaller locations. We also heard not to do it because there are cases where the waste management authority in the area is operating and getting money for the milk containers from the dairy side, and it's pretty profitable for them. They're arguing that if we put the milk containers into the deposit return system, then they're going to have to go back to their taxpayers for money to operate their waste authority.

Your suggestion about a fixed revenue stream whomever: how would that money be generated?

**Mr. Hildebrand:** Essentially, the handling commissions that are paid to the larger depots would go down a little bit to allow for some of the additional revenue to go to these smaller depots. The intent is not to seek any outside funding. The system would still operate as it does today.

**Mr. Lund:** I want to throw another idea on the table for you. I've observed a lot of these bottle depots. Quite frankly, the level of service to the public has not been that great; i.e., not open a lot of times, not conveniently located, all those sorts of things. If we just give them some more money, there's no incentive to provide a better service. One of the things that we have a problem with right now is that the return rate seems to be going down. What do you think that if we said to some of these operators: we require you to reach a certain level of return in your area. Quite frankly, the way the thing is set up right now, we don't allow a bottle depot to be established so close to another bottle depot. It's not a complete franchise, but it is almost a monopoly in that area. Do you think that if we said that they had to achieve a certain level or else we're going to ask somebody else to do it, that would have any real, positive impact or would it be just another thing that we'd have to argue about?

**Mr. Hildebrand:** I have a couple comments for you, Mr. Lund. Regarding your last point it's really: should it be a push or pull? Should we be pushing consumers to take their containers to the depots, or should the depots be pulling the containers in out of the community? I think the answer is both.

Part of the recommendation I made to the handling commissions panel was for this fixed fee because I believe that currently the BCMB, quite frankly, does not have enough strength in their mandate towards the depots. If the depots, especially the smaller ones, are noncompliant, if the depots in some of the communities you mentioned would simply say: "Fine, I'm not making enough money. I'm not going to invest any money in my business. I'm done." By giving them a fixed fee, I think the Beverage Container Management Board can then also say: along with this fixed fee come some conditions. You need to improve your service; you need to be

open some more hours; you need to pick up your garbage: whatever those are. I believe that that will make a huge difference to change the perception of Albertans that this is a viable system. It can be a clean system. It can be a pleasant place to go, where you can operate and take your containers back.

I'd also like just briefly to discuss the presentation that was made by my friends in Vulcan. I'm a property owner in Vulcan county. I do pay taxes. Some of my tax money goes to that commission. I applaud them for trying to pull some milk containers and get an additional revenue source and reduce my taxes a little bit, but if they're only pulling 20 per cent of those containers and the depots can pull 60 or 80 per cent of those containers, quite frankly I'd rather pay another dollar on my taxes.

1:20

**Mr. Lund:** Thank you very much.

**Mr. Hildebrand:** You're welcome.

**Mr. Eggen:** Well, thanks, Mr. Hildebrand, for your presentation. I just wanted to seek some clarification in regard to bottle depot facilities in urban areas. My constituency in northwest Edmonton is very large, 50,000 people, and we have no bottle depot available to us. I know that you've painted a picture that suggests that increased deposit levels combined with education, combined with some rationalization, I suppose, of bottles and cans would help to increase the return rates, but I can't help but think that more places to take the bottles to in high-density areas would help as well. Do you have any suggestions as to, perhaps, creative ways or any way to increase the places that people in urban areas can take their bottles and cans to?

**Mr. Hildebrand:** Absolutely. A couple of comments for you, sir. Depots tend to be noisy. They're a warehouse-type facility. They tend to have a fair amount of garbage associated with them. Subsequently, some municipalities don't want them in residential neighbourhoods, so there's a challenge there. If you try to make a depot a more attractive place – and I've visited some depots in the province that are very nice places. They're clean. They smell good. They're friendly staff. There is a way to do it, but it does come at a cost. If you're going to ask depots to invest more in the services they provide, unfortunately, that comes at a cost. To the extent that the provincial government has the ability to work with the municipalities to try and perhaps change some of those restrictions on zoning, I would encourage you to do that.

You also asked about some other innovative ways. Yes, I believe there are lots of innovative ways. One of the significant debates we're having with the Handling Commissions Review Panel is something called the collection costs. There are a number of depots that go out into the community and collect containers. They go to bars. They go to restaurants. They go to office buildings. They bring them back to the depot and process them and put them into the system. Quite frankly, it's not clear in the current regulation whether depots should be allowed to do that. If they do that, should the cost to go out and get those containers be part of the system and be included in the derivation of the handling commission? My reading of the beverage container recycling regulation is that the intent was that the consumers would come and bring their containers. In reality there are a lot of containers out there that the depots go out and get. Again, it's back to this push-pull.

I would encourage this committee to think about that, and if the intent is to increase return rates, you might want to make it clear in the next draft of the regulation whether having depots go out and collect containers is something you'd like to see. If you do that, I

think you'll see higher return rates. With higher deposit levels I think you'll also see other organizations like charities try and capture it. We're now at \$110 million a year in deposits. If that goes to \$200 million a year, I think the charities would look at that and say: "Hey, how can we get a piece of that? How can we use our volunteer workforce to go out and collect containers in the community and take them to the depots?"

**Mr. Eggen:** How long has the basic regulation surrounding bottle depots, the 219, held here in the province? How long has that been?

**Mr. Hildebrand:** My understanding is that the regulation is in about its sixth year.

**Mr. Eggen:** Sixth year?

**Mr. Hildebrand:** Yeah. Since about 2000.

**Mr. Eggen:** Okay. I mean, again, I'm just projecting that whatever model we set up here with these changes in regulations, we will be using it for quite a number of years to come. Having the convenience of more places to take bottles to in high-density areas I really think is part of the solution to our declining return rates. I'm just wondering specifically what, if any, ideas you have around that, like more places to take the bottles to that are easier to get to, maybe even within walking distance.

**Mr. Hildebrand:** I am aware of the B.C. system, the return to retail. My understanding is that although that system is helpful, they don't produce a large amount of volumes.

Again, going back to the charity angle. Personally, if I've got a garbage bag full of containers and there is a bin that was secured and on the side it said, "Throw your bottles in here; Boys and Girls Club," they could have the deposits. Why are the charities not coming forward and doing those things? Why are the depots not trying to do those things? I don't know. Again, I would encourage you to think about those and perhaps make it clear in the legislation whether the collection costs should be part of the system. I think it would make a difference along with higher deposit rates.

**Mr. Eggen:** Thanks a lot.

**Mr. Griffiths:** Thank you, Mr. Hildebrand. I just want to state up front that I'm probably the biggest advocate I know of that per capita funding doesn't work because of economies of scale. You always get this differentiation of services between urban and rural. I agree with you, and I understand what you mean that it's not profitable in many rural areas with small depots to make this work, so you're suggesting a fixed fee or base amount for small depots. I understand that, but one of my concerns with that is that right now small depot owners, every depot owner, is incented to collect as many containers as possible because they get paid per container they collect. Do you think a fixed fee or a base amount for small depots would be a disincentive for actually going out and collecting them if they're guaranteed a certain minimum? If you could explain how that would work and maybe what a base amount would look like or how it be determined, please.

**Mr. Hildebrand:** The handling commission that I have proposed at a very high level: if currently the average is 4 cents per container, the commission I have proposed is 3.9 cents per container, and you take all the .1s and make that a fixed fee that you pay each depot. The fixed fee would start at maybe a thousand dollars a month per

depot. So the smallest depots would get \$12,000 a year to supplement the \$20,000 a year they get now. Along with that would come, hopefully, some standards and some criteria, et cetera. The very large depots might make \$40,000 a year less. I mean, you can see on my chart that the very large depots are generally very profitable. So that was the intent: the per-container goes down a little bit, but it's still there, and it would still provide them with every incentive to maximize their returns.

**Mr. Griffiths:** Thank you.

**The Chair:** Mr. Miller.

**Mr. R. Miller:** Thank you, Mr. Chairman. Mr. Hildebrand, thank you for your presentation. Obviously, you have a lot of experience and expertise in this field, and I think you're going to be able to answer some interesting questions.

When we had Canada's National Brewers present to us on Tuesday, they were of the mind that adding beer to the system a few years back actually had a negative effect on the overall system and the rates of return. You're suggesting that by adding milk containers, it would actually augment the viability of the system and augment the viability of the rural or the smaller depots in particular. I'm just wondering if you could expand upon your thoughts on adding to the stream and why it would be a positive as opposed to what we seem to hear from the National Brewers, who believe that it would be a negative.

**Mr. Hildebrand:** I think my friends at the National Brewers have had some growing pains over the past five years in the implementation. It's my understanding that it was not a change that they embraced and that they didn't want their containers to come into the system. But they came into the system, and it increased volumes by 20 or 30 per cent. The system has now grown and is more efficient because of it. By adding milk containers, I think that it's going to continue to grow.

I'm an efficiency guy. If you increase the amount of containers that flow through these depots, you're going to lower costs. The duplication of costs costs consumers. We currently have two collection agents. They have two sets of trucks that are running around the province picking up containers. To me that's a waste. We should have one. I just don't see how streamlining the system and bringing more containers into the existing system can do anything but lower costs for Alberta consumers.

1:30

**Mr. R. Miller:** My supplemental question, Mr. Chairman, would also be related to Canada's National Brewers. They made some very serious allegations about fraud in terms of count and material that some of the depots are sending out, and you indicated that you've been involved in investigation and audit in the past. I'm wondering if you could comment on that.

**Mr. Hildebrand:** I think the comment that I would make to you, sir: I don't have any knowledge or evidence to suggest that depots are doing anything untoward or that the manufacturers are doing anything untoward. I'd go up to a higher level and talk about governance. You know, in any industry there are issues around compliance, and you need to have strong governance to take care of those issues when they arise. I believe the current stakeholder board is somewhat limited in their ability to provide that strong governance. The same parties who are making those complaints to you also are the ones trying to govern the system. To me that just

doesn't make sense. This industry now is a \$60 million industry, as I told you. It requires some strong governance, and those kinds of issues around compliance and standards I believe require a stronger board, quite frankly.

**Mr. R. Miller:** Thank you.

**The Chair:** Mr. Hinman.

**Mr. Hinman:** Thank you. I appreciate the points that you're bringing up. They're interesting. You know, it's a \$60 million industry. You say that you're an efficiency guy. My question is: do you think that charities or more government rules and regulations are going to increase the efficiency versus the entrepreneur, who might be living in an area? If they have the ability to collect these bottles and to basically have in on the franchise, wouldn't that be more energizing to the system than more rules, more regulations saying: well, you need to have a higher quality building? It just seems to me that more rules, more regulations are going to cost more money, but I don't see the incentive to improve the access for the people and the number of facilities from what you're asking. We have 216 container depots. How many more do we need? Then that base funding goes out. What do you feel on that area?

**Mr. Hildebrand:** With all due respect to the committee, I believe that the regulation should be enabling. The regulation should set out the policy. It should say: what is the government policy around this industry? It should lay out some very high-level objectives. We need, unfortunately, to have a few specifics in there. For example, you need to take out the exemption for milk containers. You need to change the deposit levels from a minimum to either a set level or give the Beverage Container Management Board the ability to set the deposit levels for the containers. To me the regulation should be enabling, and then you should pass it over to your agency, the Beverage Container Management Board, who understands that industry and works in it every day and let them implement those policy decisions which you put forward, allow them to do their job. Again, you need to put the governance structure in place so that they can do their job and do it effectively.

I agree with you, sir, that the regulation should not be overly prescriptive. It shouldn't create a whole bunch of new rules. But, again, with all due respect, there are so many nuances in this industry, just like there are in any other, and I don't think it's possible for this type of a committee to come together once every five years and figure it all out. Those issues need to be tackled on a day-by-day basis by knowledgeable and dedicated people.

**Mr. Hinman:** Thank you. In your, I guess, studies do you feel that there's a number, though? Are the 216 active centres enough? Did that come into your number, to say that we need more in these areas?

**Mr. Hildebrand:** I think there's no question that we could probably use close to half a dozen more in each of Edmonton and Calgary and some of the other larger centres where there's good population growth. Do we need 300? I don't think so; 240 maybe.

**Mr. Hinman:** Thank you.

**The Chair:** On behalf of the committee, Mr. Hildebrand, thank you very much for both your written submission and your verbal presentation today.

**Mr. Hildebrand:** Thank you so much.

**The Chair:** Our next presenter will be the Recycling Council of Alberta. If you could please identify yourselves for the record and then please proceed with your presentation. Welcome.

#### **Recycling Council of Alberta**

**Ms Seidel:** Good afternoon. I'm Christina Seidel. I'm the executive director of the Recycling Council of Alberta.

**Mr. Zembal:** I'm Dan Zembal, the president-elect.

**The Chair:** Proceed, please.

**Ms Seidel:** Thank you. Thank you very much for this opportunity. It's certainly our pleasure to be here and to speak on behalf of the feelings that we have regarding this regulation. The first thing I wanted to point out is that we're perhaps a little bit different than some of the other presenters that have come before you in that we are a nonprofit environmental organization, so really we don't have any particular vested interest in what is going to happen here. Instead, our main interest is simply in promoting recycling, waste reduction, and ultimately protecting the environment. That's our reason for being here. So we do not stand before you with any particular vested interest, and I think that does kind of set us somewhat apart.

We do very much support the system as a whole in Alberta, but we do see that there maybe needs to be some improvements. I think the main indicator of that recently has been the steadily declining return rates. They're certainly a symptom that there perhaps are some issues that need to be dealt with.

Some of the suggestions that you'll see outlined in our synopsis I'll just run through quickly. We want to reiterate this point: first and foremost, this system ostensibly has been developed to protect the environment. I think that in a lot of the discussions, certainly over the last few years, this tends to get lost. We feel that it's very, very critical that the board understand that their first and foremost job is to protect the environment through this system. In some of the areas that we see, the environment does not come up around the board table as much as it should.

We need to do things like look at the waste hierarchy. For example, with the emerging large water bottles now moving towards recyclable containers rather than reusable ones: that's immediately something that rings alarm bells with us. We need to look at the waste hierarchy and always try to stay as high on the waste hierarchy as we can. Basically, in its decisions the board – and I mean the BCMB – should consider the environment first and foremost when it's making decisions.

We also want to stress that it has been proven – and there's a lot of science behind this – that recycling is very good for the environment. As a result, we think that the recycling targets should be high and that they should be enforced and that there should be incentives for them. We can't just accept the declining recycling rates and sort of look at it as a natural progression. Instead, we need to set very high targets, and we need to try to pursue those high targets and set incentives to meet them.

Second on our list, then, is milk. I know that milk has come up a lot. Basically, we see this as a relatively simple issue. The dairy industry had an opportunity through an MOU to meet certain targets, which they have never even come close to. They should have been put in the system years ago based on that MOU. They haven't been, and it's about time we get on with it.

Now, apart from them not meeting the requirements within the MOU, really there's an issue of a level playing field involved here.

Milk is a beverage. They try to pretend they're not a beverage, but they are a beverage. They market themselves as a beverage. They need to have a level playing field with all the other beverages that are sold in the marketplace. So there is a level playing field issue here as well.

There's also a consumer perception issue in that consumers don't really differentiate between the kind of beverage but more tend to see the kind of container, so they find it very confusing. As you noted, in the recent survey that was undertaken, there are a lot of consumers out there right now that think that milk already is part of the system. That's how confusing it is. It would just simplify things so much more and get a lot higher return rates if we put milk into the system.

**1:40**

As far as deposits go, especially in the current economic climate, deposits just simply have not kept up with the rate of inflation for sure. That is an issue that we think has a lot to do with why return rates have dropped. There are other reasons as well, but that's the first and easiest thing to do as far as a solution. Deposits should be immediately increased. Not only should they be increased, but there should be a mechanism for them to continue to be increased to keep up with inflation so that they don't fall behind like they have done to this point.

Another consideration may be that there seems to be a bit of confusion out there with all the different deposit levels. Perhaps there might be a reason to look at a more homogeneous deposit level where all containers have the same deposit or, alternately, there are only a couple of different graduations so that it's not quite so confusing to the consumer. I think a lot of them are quite unsure when they go to a depot whether they're getting the right amount back simply because they don't know what they're supposed to get back. It is a fairly confusing system.

We also feel that those big water bottles, again, need to have a big disincentive against them. A 20-cent deposit on a large water bottle: it should be in the order of what the deposit is for the reusable containers. It should be many dollars, not just cents.

There is an issue, that I know you've heard a lot about, with board composition. Certainly, we recognize that as well. Basically, the board has been hijacked for the last several years with handling commissions. They haven't been able to deal with important issues like environmental protection, which is really what they're there for. I think there is a root problem in terms of the board not really being a proper multistakeholder DAO like the other boards are, and we need to look at remedying that.

There also is an infrastructure issue. The number of bottle depots has not increased nearly as much as the population in this province, and I know you've heard this lots. We need more depots. We need more alternate locations, perhaps more return to retail, more encouragement for charities to be involved. Also, we need serious infrastructure development in public areas because so much of our current system seems to be targeted at the homeowner. A lot of our beverage containers now are consumed away from the home, and we do not have good infrastructure for collecting those containers. Now, to credit them, ABCRC has done a lot of work in this area already, but we need to really move forward with that and get more infrastructure in public areas.

We also feel that bottle depots, because they are part of the system and they are recycling centres, need to have very high waste management standards. They need to have standards in terms of recycling their other materials and also other environmental standards that would make them environmental leaders.

Public education also needs to be enhanced even further. One of

the good ways of doing that, that perhaps isn't pursued as much as it could be, is point of sale. Again, I don't think that all retailers pay as much attention to educating the consumer when they buy the container as they could. That's another area that we had noted.

That's a really quick overview, I know, of some of our positions, but I wanted to leave lots of time for discussion as well. That's a summary of our position. Again, we thank you very, very much for the opportunity to sit before you and make this presentation.

**The Chair:** Thank you.

**Mr. Eggen:** Well, thanks so much to both of you for giving a refreshing insight into what we're trying to do here with beverage containers. I have a couple of questions for you, the first in regard to increasing the recycle rate. You know, we've heard a lot of different opinions as to: what could we use in concert to increase that rate through education, increasing the return rates, and such? In your mind, if you were making this decision here now, what would you suggest needs to be done first and foremost to turn this what I would suggest is a declining trend around? It does extend beyond beverages. I would say as well that there's a disposable economy that's growing here, and we need to nip it in the bud, so to speak. What would be your suggestion of the two first and foremost things that we should do to increase our return rates?

**Ms Seidel:** The first and foremost thing, I would say, would be to raise the deposits. That is really what drives our system. When you compare our system to nondeposit systems like in Ontario, where they don't have our system – instead they just have, arguably, very convenient collection at curbside – their return rate is about half. The thing that sets us aside is the deposit, so, in my mind, the very first thing to do is raise the deposits. You need to do other things as well, like your infrastructure development, but if you're asking the most important thing, raise the deposits.

**Mr. Eggen:** Do you have any numbers in mind?

**Ms Seidel:** It's interesting. We kind of bounced that one around a bit at the board level. We've come up with a minimum of 25 cents but recognize that that's just a bunch of people around a board table bouncing those numbers off. I would think they'd want a little bit more analysis done before that final decision is made, but I would think it would be in that order because anything less than that simply doesn't have any value in today's society.

**Mr. Eggen:** Thank you.

**Mr. Hinman:** I appreciate your presentation and the fact that you're so focused on the environment. That always kind of gets me falling outside the box of the thinking we're doing. But your second-last bullet: "As recycling facilities, bottle depots should adhere to high waste management standards, including recycling of all residuals, including cardboard, plastic and metal." One thing that has always kind of fascinated me in our recycling is that if you buy a 48-ounce can of tomato juice, you have to put a deposit on it, yet all the rest of the cans go out. I'm wondering if you have any numbers on a recycling facility. If we were to merge them, what would it do? I guess that my biggest question is: how many cans, whether it's a bean can, a soup can, or whatever else? Have you done any work on that to say that this would be a better model to go to, where we have a total recycling facility that brings all of these things together versus just the ones with the deposit?

**Ms Seidel:** That's a very interesting question. We've actually talked

about those concepts a fair amount because any time you have duplication of the system, of course, you have inefficiencies as well as confusion to the public. Cans are an interesting one to bring up because I think that's the one probably more than any that consumers simply don't realize there's a deposit on. There are probably a lot of those that are collected through the other system.

That being said, obviously there would be huge efficiencies in making an overall waste management centre. That's actually done in some areas in the province. There are some, especially waste management authorities, that will run a material recycling facility right parallel with their bottle depot. That way they have the opportunity to gain efficiencies as well as get rid of that confusion. The public has a one-stop shop to deliver, and I think that's absolutely worth looking at for the future.

**Mr. Hinman:** Thank you.

**The Chair:** Mr. Miller.

**Mr. R. Miller:** Thank you, Mr. Chairman. Christina, you won't necessarily know this, but Mr. West and my fellow committee members will know by now that I'm not a fan of including milk in the deposit stream, with the exception of the impulse products, the Milk 2 Go guys. I'll reiterate a comment that I made in Edmonton, and that is that if it takes an unfair advantage to convince my children and your children to drink milk as opposed to a carbonated product, I'm more than willing to give them that unfair advantage.

Having said that, though, my question for you is this. We have a deposit on the tetra paks – they're part of that stream – yet the return rate, the capture rate, on tetra paks is only marginally better than it is on the milk jugs. How would you respond to that when you're suggesting that we should be including milk jugs? Do you believe that the higher deposit rate that you're suggesting would address that, or would you like to address my concern that we're almost at the same capture rate as it is with milk with the tetra paks?

**Ms Seidel:** I actually think tetra paks really speak to the other issue that I talked about previously, the away-from-home consumption. The containers that are getting really high return rates are the ones that are consumed in the home and are compiled in the home and taken to the depot. Milk would fall into that category. It's easy for the homeowner to hang on to that. The ones that are the issue are those little pouches and little tetra paks. I mean, how often do you drink a small tetra pak at home? Not very often. I think that problem is more related to the fact of where it's consumed than what system it's collected through. The fact that we get as high a return rate as we do on tetra paks is quite an indication of just how effective deposits are. It's quite difficult. You have to essentially hang on to them wherever you are, take them back home with you, and then take them to the bottle depot. That requires a lot of effort. So I think it's a mistake, maybe, to compare tetra paks to milk containers for that reason. The Milk 2 Go might be a better one to compare to a tetra pak.

1:50

**Mr. R. Miller:** Thank you.

**The Chair:** Any other questions from the committee?

**Dr. Swann:** Thank you very much for an excellent presentation. You may have heard earlier some of the questions and comments about the brewer concerns. Do you have any comments about whether they should be mandated to move to one side or the other or

if the continuing use of both retail deposits and bottle depots is an appropriate way to manage the beer containers?

**Ms Seidel:** I guess we've intentionally stayed a bit away from that issue, and I think the reason is that that's an issue of money and control. We're concerned about the issues primarily that have strong environmental impacts. You could argue that there could be an environmental impact from a duplicate system because of the trucks running duplicate routes, so that is a concern, but the main issue is really one of money and control. That's not our issue, so we don't have a strong position on that.

**Ms Calahasen:** The question I have is regarding the board composition and how you indicated that the board has become dysfunctional. You made a recommendation that it should become a multi-stakeholder, single-representative board with no balance of power for any stakeholders. Is there anything else that we should be aware of that would help us in terms of determining what needs to happen with this situation?

**Ms Seidel:** Well, I can't say that we really have any great inside information on that, but I think that when one group within that board can just stonewall decisions, you're creating an issue. It was my impression that the multistakeholder boards, if you look at the other ones like ARMA, were designed to have one representative from each real stakeholder, and then they sit around a table and make decisions that are best for the system rather than best for their particular stakeholder group. When you get four of the same stakeholders sitting together, you're going to tend to have them banding together. So I think the issue is that there are too many of one stakeholder around the table when there should be one of each stakeholder, and then they have to decide to agree and do what's best for the system instead of what's best for them.

**Ms Calahasen:** Thank you.

**Mr. Lund:** Just on that point. Then what would you think if you didn't have any stakeholders at all and just some knowledgeable people that run the system, so there's no vested interest?

**Ms Seidel:** I guess that if you have the right people – it's kind of like a benevolent monarchy – that would be the best system, really, at the end of the day, ideally.

**Mr. Lund:** It's amazing how many times that would work.

**Ms Seidel:** But I think there's a real reason to have the stakeholders around the table. They have a lot of expertise; especially industry has a lot of expertise and a lot of creativity, and we'd hate to leave that outside the board doors. There are models that work very well; the stakeholders do tend to agree and work for a common purpose. I don't think there's any reason that can't work here. It's just structured wrong.

**Mr. Lund:** Thank you.

**The Chair:** Well, on behalf of the committee I'd certainly like to thank the representatives from the Recycling Council of Alberta for their presentation.

The next group that we have to do a presentation is the Canadian Council of Grocery Distributors. Welcome. If you can just state your name for the record, once we're finished distributing your handout, I'll ask you to commence with your presentation.

## Canadian Council of Grocery Distributors

**Mr. Sherwood:** My name is Justin Sherwood. I'm the regional vice-president for the Canadian Council of Grocery Distributors. Thank you very much for providing me the opportunity to come and brief you on some of our perspectives. We have provided a submission in writing, and what I'd like to do today is just touch on a few of the points, especially in light of some of the comments that have been made to this committee.

Very briefly, my comments will give you a little bit of an idea of who CCGD is. I'd like to focus on some of the discussion in and around return options because I think that's obviously very important and something that this committee is considering, service standards – I think you've heard a lot already – and then, very briefly, on milk.

By way of background the Canadian Council of Grocery Distributors is a national industry association. We represent the interests of grocery retailers, wholesalers, and food service distributors. We do quite a variety of activities, but primarily we're a government relations outreach for the industry. We also work in areas of setting common standards where the industry will benefit, doing research and benchmarking and other things like that.

In terms of our impact in Alberta the membership accounts for approximately \$9 billion in sales. We operate or supply approximately 2,500 retail locations in the province, employ about 50,000 employees, give or take. We retail approximately 60 per cent of the nonalcoholic beverages sold in the province and approximately 15 per cent of the alcoholic beverage products that are consumed in the province because our members also operate through separate holding companies about 60 liquor stores. That gives you an idea of roughly who we are.

In terms of our involvement in stewardship and in packaging and beverage containers CCGD members tend to be heavily involved across the country just by virtue of the sheer breadth of products that we sell. As a result, we've been involved in the creation of a number of beverage container systems across the country as well as product stewardship programs. We were involved in the creation of the Stewardship Ontario model, that was referenced by Christina Seidel. We were involved in the creation of Encorp Pacific, which is the beverage container return system in B.C., and Encorp Atlantic, the beverage container return system in Nova Scotia and New Brunswick.

Our role at present within the province of Alberta is, basically, as retailers of the beverage, and as such we collect and remit the deposits. We also recoup the CRF, or the container recycling fee, that is passed on to us by the brand owner. Unlike in other jurisdictions, we do not participate with the collection organizations or with the oversight committee, so we're really not particularly well positioned to offer a lot of comment on some of the issues relative to governance and management.

Our perspective on the current system is that it's a good system. It functions well. It has a historical track record of fairly strong performance, with 220 depots, 60 liquor stores accepting beer containers, with return rates that have traditionally been on par with comparable systems, in and around the 75 per cent rate. The system does collect a very broad range of materials when you compare it to some of the other systems out there, some of the European and American systems, and I think that's one of its strengths. It's picking up tetra; it's picking up gable top containers, plastics, glass, and aluminum. Also, I think the opportunity to have regular reviews such as this is a particularly unique feature and allows you to tweak the system as you go.

There are some challenges of late, most notably the declining

return rate. I think that it was 68 per cent on nonalcoholic beverages last year and in the first half of this year somewhere in the order of magnitude of 74 per cent. That challenge, really, you should be aware, and I'm sure you are aware, is one that's not necessarily confined to Alberta but consistent across the country in deposit jurisdictions.

There are some management and governance issues that have been noted, and obviously as I indicated, we're not particularly well positioned to comment on those given that we're not directly involved. Also – and I think you've heard this already – we think that there's a clear need for service and quality standards as you take a look at depots and how they operate.

2:00

I think we do appreciate that there is a need to take a look at return options within this review. What I'd like to do right now is just briefly respond to a few of the points that were put forward by ministry staff on August 30. I believe it was your first consideration of this particular issue. On the 30th one of the topics that was mentioned as a possibility for consideration was return to retail. It does occur in other jurisdictions, most notably in B.C., where there's a split system between depot and return to retail, and in Quebec, where it's a pure return-to-retail system. This proposal does have a number of implications, and I did want to bring them to your attention and briefly discuss them.

I think the first and most important to remember is that Alberta retailers have for basically the last 20 years been operating in a depot environment, and stores are constructed in that manner. If we start proceeding down a return option where we see some return to retail, there really is a lack of available space to store this material and to handle this material while waiting for collection.

The second concern or implication that I would like you to consider is one of sanitation. Really, there is no health implication per se in handling returned beverage containers or milk containers or those types of containers, but when you're essentially bringing what is garbage back to a food retail environment, it could undermine the food safety programs that the industry is endeavouring to put into place in order to protect the Alberta consumer. Really, what we're talking about is that residues that are in these containers have the ability to attract rodents and infestations. So we're talking mice, ants, cockroaches, things like that, that really you don't want in a food retailing environment.

There are issues with a level playing field that we have brought to the attention of other jurisdictions where there is a requirement for a return to retail. That really is suggesting that there are some retailers who will accept returns back at retail and some who won't, and that creates a cost difference and a competitive advantage. When you're talking about a 2 per cent margin, which is what the grocery industry operates on, every penny counts. More importantly, when you create a duplicate system, you do tend to split volumes. If you have volumes going back to retail, it would mean, potentially, less volume going back to depots, and when you're trying to encourage more depots to operate, you don't want to be undermining the viability of those operations.

There are a few other points, but I think the most important to remember is that if you take a look at those jurisdictions where they have return to retail, the overall return rates are not significantly different from the system that we have in Alberta right now.

Another point that was mentioned for consideration on August 30 was that of reverse vending machines. It was mentioned as a technology that gets used in Finland. I'd like to bring up some points for your consideration. We have actually tested reverse vending machines, most recently in 2002, for suitability in B.C. I



think it's actually an appropriate analogy given that the material streams are fairly consistent between B.C. and Alberta. Our findings were basically as follows. RVMs work quite nicely for some materials: for metal, for aluminum cans, for PET, things like that. For others, most notably tetra, gable top, and glass, they were much more problematic and didn't necessarily function in an optimal output.

We found that capacity was an issue, particularly when you're dealing with large-volume containers, and that basically meant that the machines had to be emptied and serviced quite frequently. We found the machines to be costly. Reliability was a problem, and in the end manual labour was still required to service all of the container types. So our net result, or net take-away, from that particular test – and we'll endeavour to look at the technology again in the future – was that for the breadth of materials that are currently within the Alberta system or within the B.C. system at the time of testing, they weren't a really suitable option. Now, that doesn't mean that they will not be a suitable option for Alberta in the future or for B.C. in the future, but if anyone is going down that road, further testing is definitely required.

I would also like to suggest that as we're taking a look at the issue of declining return rates, as we're taking a look at how to maximize return rates, we really need quite a lot more analysis. I think Christina also mentioned that there are a lot of beverages being consumed away from home, and that poses a challenge. I was actually going to mention a number of points along that avenue during my presentation. Really, I think there are three important trends that this group needs to consider as they're taking a look at what the future of the beverage container return system in the province is going to look like, the first of which is that there's an increasing consumer preference for convenience. What that really is doing is driving an increase in the volume of single-serve containers and total container volume. I mean, I'm not telling you anything that you don't already know.

The second is that consumers are increasingly consuming beverages away from the home, at work or in an ICI environment, where they may not have convenient access to recycling facilities. I think Guy West can probably provide you with some more detailed numbers, but it's around the 15 per cent volume rate going into that particular area. Then in urban areas, in particular, you're also seeing an increasing trend towards multifamily dwellings, to condos. That really can cause problems for the consumer because either they don't have enough space or a lot of space to store used beverage containers prior to taking them back or, conversely, there may not be a recycling facility or a depot readily available to them even if they did store the containers.

So when you're addressing the issue of return rates and when you're looking at the issue of return options, we're really suggesting that someone needs to do more work to identify and understand where the volumes of unredeemed and unreturned containers are. That will provide the foundation for proper policy development so that the solutions are appropriate to where the issues really lie.

I've included a number of suggestions there. I really won't go through them. I've spoken to most of them. I also do think that as we're looking at some of the major urban areas where zoning has proven to be a problem, I would encourage the government as well as industry and municipalities to partner so that we can overcome some of the zoning challenges in siting new depots because that is obviously an issue.

In terms of service and quality standards this, I think, has been an issue that you've probably heard a lot about already. I think depot standards offer a significant opportunity for system improvement. If consumers dislike going to a bottle depot or receive poor service,

I think you're going to find in the long run that overall return rates will suffer. It's no different from any other business. If you go into a business and receive poor service, the likelihood of your returning to that business is fairly slim.

There are obviously a number of issues that require attention. Hours of service, cleanliness and appearance, and staffing and wait times have all been cited as issues. I obviously won't go into those in any great detail. We do recommend that ABCRC be tasked to develop appropriate service and quality standards and that they also be given the authority to enforce those standards because standards without enforcement are just going to sit on a shelf.

Lastly, I'll briefly touch on the issue of milk. Obviously, we understand that they've been given quite a lot of opportunity to increase their return rates over the years with their MOU with the government, but if you think that you have a challenge now getting consumers to a depot, just imagine what's going to happen when you get used dairy containers in there as well. I think we all need to recognize that dairy does have a unique feature, and that is its odour and the odour of spoiled milk. Therefore, we would suggest that they not be included at this time, but we're taking a middle road here and suggesting that that doesn't mean that they should not be encouraged to increase their diversion rates. What we would suggest is providing them with a framework with consequences and that that framework suggest establishing targets, increasing targets over a period of time, with implications if they don't meet those targets. Those implications could obviously include the big stick, which is inclusion within the depot and deposit framework.

**2:10**

I've been rambling on for quite some time. My conclusions are there. I think the system functions very well. Care really needs to be taken to make sure that any enhancements dovetail with the existing depot platform that has been created over the last 15, 20 years. Service standards, I think, are important. Lastly, return to retail is very problematic not just for retailers. It will add costs to the system, and our experience in other jurisdictions really underscores that it doesn't lead to an overall return rate that is significantly higher than what you have here.

Thank you very much for your time.

**Mr. Lund:** Thank you for your presentation. We've heard from a number that we should increase the deposits. I'm curious if your organization has looked at that issue. What would be your opinion from a handling point of view? I'm not asking whether you think it would increase the rate of return or not but, just simply, what the impact would be on your association or if you have even discussed this.

**Mr. Sherwood:** Initially we've been getting a lot of questions from consumers on going from a 5-cent, 10-cent rate deposit to a higher level. For us it is a collection issue when we add the deposit at the point of sale and collect it. If you're asking me whether it would be problematic, it's a programming change for us. I do question whether higher deposits will lead to an increased return rate.

There are two types of consumers, in our perspective: those consumers that recycle and those that don't. For those that don't, higher deposit rates may be just viewed as part of the cost of the profit. From a retail impact perspective it's a programming change. It adds costs to our operations, but it can be done.

**Mr. Lund:** Thank you.

**The Chair:** Mr. Miller.

**Mr. R. Miller:** You knew I was going to jump in there at some point. Thank you, Mr. Chairman.

Justin, I appreciate your comments about milk. I know it was a small part of your presentation, but it is an area that I'm particularly interested in. I'm intrigued by your notion of giving a little more time and perhaps a little more incentive to the Dairy Council to improve their capture rate. I'm wondering if you have in your mind some sense of what would be an acceptable level of capture. We're at 55 and 28 right now. What do you think would be an appropriate target for them?

**Mr. Sherwood:** I'll respond to that with a question: compared to what? No jurisdiction in Canada currently has a deposit scheme for dairy. Actually, I don't think there's a system in North America that has one, and I'm not sure about the world, but I am not going to go that far. The question I would ask is: compared to what? I think 55 per cent on HDPE jugs is a good rate for a voluntary system. Can it be improved through education, through awareness? Yes, but I don't have a benchmark to say, you know, what is a good return rate for dairy containers.

**Mr. Eggen:** Thanks so much for your presentation. I guess I would like to ask you: what's your rationale for recommending that milk should stay out of the deposit system at this time? Do you think it would cut down your milk sales?

**Mr. Sherwood:** No. It has purely nothing to do with the sales. The reason for my bringing it forward is that a level playing field is important. It's an important principle, whenever you have these systems, that like products should be treated equally. Our response is a little bit of a balance. I think we're concerned about the odour and the potential impact that it may have on the depot environment if you start bringing that product back to the depot.

Additionally, I think we need to recognize that milk has done a fairly good job on a voluntary basis of getting to where it is now. If there's concern about the rate that it's presently at, give them a framework to improve that. If they can't, bring them into the system, but you may have an unintended consequence when you do so. Be aware of that.

**Mr. Eggen:** Yeah. I appreciate the advice.

**Mr. Sherwood:** From a sales perspective, whether it does or it doesn't, people are still going to consume milk.

**Mr. Eggen:** Absolutely. Thanks.

**The Chair:** Mr. Hinman.

**Mr. Hinman:** Thank you, Mr. Chair. Boy, a lot of questions that you've brought up in my mind. I'd like to start off with the one – you talked about writing regulations for standards in these facilities and the pungent odour that the milk contains. Those containers are already being dealt with, so someone has to deal with that pungent odour. Have you ever considered or thought, then, of writing these so-called rules and regulations for standards in a bottle depot and then how we'd possibly enforce that throughout the province?

**Mr. Sherwood:** To be clear, I'm not suggesting that the government write the rules and regulations for the standards for how the depots operate. I'm suggesting that the collection organization be tasked with developing appropriate standards. There are standards for operating retail environments all over to deal with cleanliness,

premises appearance, sign packaging, presentation of an image to the consumer. Why would the depot network be any different, for example, than another retail market in the development of these standards? Obviously, there has to be sensitivity for the material, the product, that they are carrying, but I'm fairly confident that given the authority, ABCRC could develop a comprehensive set of standards.

**Mr. Hinman:** If I could follow that up, though. Entrepreneurs never cease to amaze me how they meet the challenges, whether it's a reverse vending machine, that isn't working right now but will in a year. If we just allowed the competition in – for example, I'll say that there's a grocery retailer in a town that says: "You know what? I want to do my part for the environment. I want to see the convenience, and I want to see those things returned and recycled." Yet we prohibit them, and we have all these rules and regulations that stop them. I think that there are lots of opportunities, and retailers might say: you know, we've got a spot in our parking lot where we could set up a reverse vending machine that's being manned. Just the potential to me is there. How do you feel about just letting entrepreneurs and the competitive edge clean up the problem rather than us trying to mandate and regulate it?

**Mr. Sherwood:** I think there's a public good that is being done by this system, and in doing that public good, we have to be mindful of performance and targets and ensure that that public good is achieved.

I think you heard earlier today from some of the folks from the depots who are saying: we need to balance the number of depots and volume, and if we don't, we're going to undermine the viability of a number of depots. The response, if you take a free-market perspective, is: well, so be it, and then those who are successful will do better, and those who are not successful will cease to exist. But in ceasing to exist, that may mean smaller communities not being serviced because they're not viable, or it may reduce the number of depots out there, with unintended consequences on the return rate. I tend to be a free-market individual too, but my perspective is that there are some issues where there's a public good, where there's a role to ensure adequate coverage, to ensure adequate standards, and to make sure there's a return rate that's being met.

**Mr. Hinman:** Thank you.

**Ms Calahasen:** My question has to do with the milk containers. The CCGD suggests that milk not be included in the deposit system at this time mostly because of a number of things you identified: it's not been done in a Canadian system, a level playing field and performance are important issues which need to be addressed, the performance seems to be good in terms of the voluntary sector, and the most important one, it seems, is the odour. I think alcohol is just as offensive, personally. So if it's only based on odour, is there anything else that we should be looking at other than just the odour in terms of dealing with the issue of the containers?

2:20

**Mr. Sherwood:** It's twofold. They have good performance now. I think we need to recognize the work that they've done on a voluntary basis. Point 1.

Point 2. There's a thinking out there that without a deposit they can't increase their return rates. They are doing well now without a deposit. Can they do better? Let's give them an opportunity.

Then, lastly, just be aware of unintended consequences. There is that odour indication, and we are bringing it forth for your consideration. I'm sure you've heard it all already, but it is one. If you already have issues where consumers do not want to go to depots

because they consider them to be smelly places, dirty places, understand that milk has a fairly offensive odour. I am not saying that alcohol doesn't, but milk definitely has a very strong odour.

**Ms Calahasen:** Like Mr. Eggen was indicating, then, if we are looking at this system and if the milk producers have not met their MOU, as was indicated earlier, what kinds of fences should we put up in order for them to be able to deal with the issue of more containers being done so that we can see them not going to the waste sites?

**Mr. Sherwood:** To be clear, I don't speak for milk producers, so these are just suggestions: increased requirements for spending in public education, awareness in schools more than they do so already, and then failing to hit a target or a series of targets, into the deposit system.

**Ms Calahasen:** My second issue, Mr. Chairman. As you know, the return has not been that great on tetra paks. I know that grocers sell a lot of the tetra paks. What do you suggest in terms of dealing with that issue?

**Mr. Sherwood:** They're already under deposit. Consumer awareness. I think what you'll find – and we've experienced this in other jurisdictions – is that in a lot of cases the consumer is not aware that certain materials are included within the system, so there's an education opportunity. Tetra paks, particularly small tetra paks, are consumed away from home, generally. We need to look at how to deal with providing recycling facilities in public spaces in the away-from-home environment so that the consumer isn't forced to make a decision between throwing it in the garbage or having to carry it with them the whole day and then bring it home and then take it to a depot.

**Ms Calahasen:** Thank you.  
Thank you, Chairman.

**The Chair:** Any other questions from the committee?  
Seeing none, I'd like to thank you ever so much for your presentation, sir. Thank you.

**Mr. Sherwood:** Thank you very much.

**The Chair:** Our next presentation will be by Mr. Ron Payne. Is Mr. Payne here? Good afternoon. If you could please state your name for the record, and then please proceed with your presentation, sir.

**Ronald Payne**

**Mr. Payne:** Thank you, Mr. Chairman. My name is Ronald Miller Payne. I'm a resident of Calgary-Fish Creek in the city of Calgary.

Good afternoon, Mr. Chairman and hon. members. Thank you for this opportunity to address your committee. Citing Reverend Martin Luther King Jr., I believe that "our lives begin to end the day we become silent about things that matter." It is my intention to present issues relative to milk containers and current fees, proposed deposit structures, and a general commentary from an active user and consumer point of view. I hope all members read the Ins and Outs of Bottle Recycling, an article by Emma Gilchrist, page C12 of the *Calgary Herald*, on Friday, September 14, 2007, as an insightful piece on the status quo situation with a view to these hearings.

When is a fee a tax? According to Danielle Smith, Alberta director of the Canadian Federation of Independent Business, quote,

fees can no longer be used as a revenue generator. End quote. Further, quote: there must be a reasonable connection between fees charged and services provided, according to Supreme Court decisions. The same logic and policy that prohibits goods and services taxation of foodstuffs should prevail vis-à-vis drinking milk regardless of packaging mode. Pouches, surely, make more sense than extruded plastic or tetra box options. I strongly urge this committee to recommend repeal of the recycling fees on milk containers and to curtail any discussion on the imposition of a refundable deposit on same. Voluntary methods exist for milk container recycling, and people will generally participate given a reasonable location and propinquity.

To the matter of existing regimes, I seriously doubt that raising the deposit by a nickel, essentially doubling the deposit on the litre or less bottles and cans, will yield a material difference or match 2002 rates of return. Extrapolating from last year's 74.2 per cent rate of return and doing the math, 25 cents of every dollar collected is refunded. It is my opinion that these considerable sums of money and the additional recycling fees collected on other than aluminum can containers should adequately and sufficiently pay for service provision costs to recycle milk containers.

Thinking outside the container, my general comments favour decentralization and different models of service delivery, specifically secure drop boxes on school and community association properties with bonded pickups and donations to the respective institutions. Just a thought to pass on to people who earn a living at ABCRC and/or ABC Management Board. Another idea might be automated self-serve kiosks at grocery stores with spitter ticket receipts for in-store purchases. There are enough bottle depots already.

Something came to me this morning as I was drinking my McDonald's coffee. I'm suggesting that you impose a tax on coffee cups. Tim Horton would probably be aghast, but I think that's the route to go rather than a foodstuff, if you will.

In conclusion, Mr. Chairman, give us this day our daily bread and milk and please repeal the tax.

**The Chair:** Thank you.

Any questions from the committee? Mr. Eggen.

**Mr. Eggen:** Thank you. I appreciate your time and effort to come before us here today. Certainly, living in close proximity to a Tim Hortons, I can feel your pain with all the cups that I end up with on my front lawn. Your suggestion, of course, is very straightforward, that we, in fact, go back on existing regulations concerning milk containers. I would only presume that you would oppose putting on a deposit tax or a deposit system for the same arguments that you've described here.

**Mr. Payne:** Absolutely. This 2 cents is hidden, you know, on the receipt from the point of sale on the sale of that, but essentially a half a cent a litre tax on a four-litre jug of milk – I don't know. For some I guess it's neither here nor there, but it is a food, okay? The argument is made.

I don't know how many of these come back. I've heard upwards of like half of the milk containers are now being recycled through the existing system, and it works. I mean, we have one down by the Co-op gas station and what have you, and it seems to be actively utilized. They empty it every day. It kind of stinks, which is another, I guess, concern for whoever would be handling them. Not everybody rinses them out. They just sort of crush them and drop them in the box. You're absolutely correct.

**Mr. Eggen:** Yeah, that's fine. I guess I would just like to point out and perhaps invite comment on the fact that if we, in fact, moved from a voluntary – there's a tax on there, essentially – to a recycle/return model, then technically it's not a tax. I mean, it's just a deposit or an unredeemed deposit that's sitting out there until it comes back.

**Mr. Payne:** But you've already got the mixed model in everything but aluminum cans right now, where you have a refundable deposit portion and an environmental recycling fee portion. I came from Jasper on the weekend. I paid 3 cents for a 591-millilitre bottle of Dasani water – go figure – plus a 5-cent deposit. So I get a nickel back of the 8 cents that I contributed to buy that. It's almost another GST in essence, right?

2:30

**Mr. Eggen:** Right. So you'd advocate for the elimination of both of those things or a rationalization of them, so to speak.

**Mr. Payne:** It baffles me, okay? To me it's essential. You know, you grow up on this stuff. So why it exists: I can't rationalize it.

**Mr. Hinman:** I appreciate your passion and your comments. I fight to lower taxes more than anybody, I feel.

My question for you, though. We had a presentation two days ago that talked about the cost and the taxes that we pay for our landfills and the taxes that we have to pay for cleaning up the environment. I've been a long-time Scout leader and 4-H leader, and I've walked up and down the ditches many a mile picking up the containers. I've always felt that a tax on fast-food and cigarette containers would benefit our highways immensely. Have you considered the cost of those going into a landfill – they talk \$75 a cubic metre – versus getting them out? How do we be environmentally friendly and get those out? Because we are taxed. We pay taxes for our landfills, and they cost more than if we were to pull them out. It's environmentally better and it's more cost-effective, in my mind, to keep them out than to just crush them and put them in a landfill. It's very expensive, and we're running out of room.

**Mr. Payne:** I concur. This is where maybe the schoolyard model – and again, you know, there are health and safety concerns there as well. If we get kids involved, like from home to school and then from school to a secure box, whatever – okay? – and a bonded pickup method, operated in a cost-recovery mode as opposed to for profit or whatever, that might be sort of a rethinking and get the kids involved. I mean, picking up litter in the schoolyards. When you walk past the schoolyard in the morning, it's just as you described: trash everywhere.

Any time you drive by Fish Creek Bottle Depot, there's always a line. I had an experience where I waited one hour down off Deerfoot. I guess that's called the Douglassdale location. We were all there, more or less, at opening, at 9:30. It was short-staffed, and it took one hour for everybody that was there at 9:30 to get through the recycling line. They're swamped. You know, it's very labour intensive, and I admire the people who are doing the work and stuff like that. It's entrepreneurial, there's no question. But I think they're almost at their maximum capacity.

**Mr. Hinman:** Mr. Chairman, could I?

**The Chair:** You certainly can.

**Mr. Hinman:** Thank you. I love the charitable aspect that you're

referring to and if we were to not have the environment fee but just a deposit fee. I guess my question is: if we were to allow those charitable organizations to be entrepreneurial and put containers out all over the place, perhaps they'd approach a service station and say: "May we put one here? May we have them there?" Again, though, to me you need the incentive for the return on those bottles. The charitable organizations can benefit. Instead of people throwing them away, the convenience is there to give them to them or the children going up and down the streets collecting them from places. How do feel about that?

**Mr. Payne:** I would go along with a program like that, obviously. But, again, you would have pickers picking up the containers and stuff like that. You know, assume that this is in the city of Calgary. I'll just use that one because that's the one I'm most familiar with. There are people who now operate businesses recycling with blue boxes and what have you. Okay? They're going to be out of business soon, when the city of Calgary assumes this and starts charging more and more, so maybe this is something for them to look at. They would go to work, essentially, for ABCRC, and they would be the people who are charged with picking up and delivering to a central location from these centralized sites. Service stations are excellent.

I still think, too, that the retailers themselves – and I'm thinking now of the majors, the Real Canadian Superstore, Wal-Mart is coming out in a big manner, Co-op, Safeway, and on and on. There should be some method. I've seen it work in Kitchener, Ontario, where you go in, and what they sell, they recycle. They return, what have you. It's automatic. You put it there, it's counted, and out comes a ticket, which you either cash in or use to purchase your foodstuffs. Another possibility. I don't know the technology, but I'm sure that the machinery is there. It's used in other jurisdictions.

**The Chair:** Any other questions? Seeing none, I thank you ever so much for taking the time and coming and meeting with us today, sir.

**Mr. Payne:** Thank you. It's been tremendous, a novel experience.

**Mr. Hinman:** Well done. Thanks for the props.

**Mr. Payne:** I was told that somebody brought a beer can the other day.

**The Chair:** We're running quite a bit ahead of schedule. If I may impose on you in the audience, would it be all right if I was able to give the committee a 10-minute break here to grab a cup of coffee? It's okay? Thank you. We'll reconvene at a quarter to 3.

[The committee adjourned from 2:36 p.m. to 2:49 p.m.]

**The Chair:** As we wait for the other committee members, I'd ask our next presenter, from the Beddington bottle depot, to please come forward. If I could ask you to put your name on the record. I don't know if you were here at the commencement, but we're basically allowing you 15 minutes to do your presentation and another 10 minutes for questions and answers from the committee members.

Welcome.

#### **Beddington Heights Bottle Depot**

**Mr. Dossa:** Thank you. Good afternoon, ladies and gentlemen. My name is Karim Dossa. I have operated the Beddington Heights Bottle Depot since 1986, which is over 21 years. I'm here because

I hold this system very dear to my heart. Not only have I grown with it, but I've seen certain families in two generations and communities grow with it. This province can rightfully boast the best system in North America. I have been involved in and participated actively in past reviews and studies and am actively involved in the industry. I would like to give you my perception of how we can make this an even better system, which I hope you will take into consideration.

Bottle depots today are bigger, better, brighter, and much cleaner. Most new depots that have been built since 2001 and onwards are in excess of 6,000 square feet. The minimum requirement at the moment is 5,000 square feet. It used to be 3,000 square feet. I'm talking city depots at the moment. The Beddington depot is about 7,000 square feet, which used to be about 3,200 square feet. As you can see, even though the standards were changed from 3,000 and are now 5,000, we've kept pace with the growth in that.

We have upgraded ourselves to better serve the public. Today most depots have longer, expanded hours of operation. We have the ability to move with time and pace and are able to handle an increase in volume as we have continued to do so. We are a team player. We have developed quality control guidelines and operating agreements with the help of the Beverage Container Management Board although, unfortunately, the brewers were a holdout on this for a long time.

Depots also get audited in what they pay to the consumers. Somebody will show up at the depot. We don't know who that person is. They'll have a set amount of containers and that. When they are paid, we get a report telling us whether they got the right amount of deposit or not. That is also something that the BCMB monitors.

We are constantly in quest of bettering ourselves and have also invested in modern technology so that we can make the customer's experience at my business more convenient. We have done it on our own as an industry. Although everybody talks about it, we have actually done it whereby we had a pilot depot in Lethbridge, which just finished testing several machines. The consumers preferred the traditional way of returning their empties compared to the machines. They found the machines not capable of processing the containers in an efficient way. Not only that, but the machines were not able to accept all the material streams.

Also, an issue was identifying the container type. Sometimes if the containers were a little messy, the machines would not read them. The consumers also found it messy as they had to individually fit the containers into the machines. One of the problems with the tests was that the brewers refused to participate – they refused to allow their containers to be part of the test – and this ended up being of little help.

One of the other examples was that a joint-venture depot with Tomra was scheduled to go in next to mine in Calgary here, Tomra being, I believe, one of the largest reverse vending machine manufacturers in North America. As the process towards their permit coming into being came into play, they realized, when they studied the market more, I think, that it was not for them. It was not going to be a viable system for them for whatever reason. They actually returned the permit to the BCMB, and they decided to pull out. A report of both these cases has been filed with the BCMB.

The retailers have demonstrated that they do not want to handle the empties, and as you can see, every year there are fewer and fewer return to retails. At one point there were 140 return to retail licences, which are now down to 60 retail licences, out of which less than 30 are engaging in taking back empties. In that, too, the volumes are falling. Facts about this can be found with the BCMB. The return to retail and the reverse vending machines, in my humble

opinion, will prove to be more costly. They won't be cost efficient. The logistics to service and to work with this are going to be more complex and harder to deal with.

2:55

It is my humble submission that we build on our proven current system and infrastructure involving bottle depots. The current system of siting depots allows for approving more depots to the system, and it, too, has evolved over time. Currently, I believe that there was only one new licence issued in Calgary and there was one issued in the south of Edmonton. The system does work, but it is hampered by the municipal zoning guidelines. That's where the problems are. Use the depots as tools and means of achieving the goals and the targets we want. Let's enhance the system by empowering and enabling the depots to grow and address the needs of the system.

Customers prefer depots. There was a survey done, I believe by the BCMB, and a study done on this. There were also postcards given to the depots whereby we gave them to the customers, the consumers. They were self-addressed and stamped. They would fill them out and send them to the BCMB directly. The approval rating for the depots was actually over 90 per cent. They preferred that. They were happy with the system.

What are our challenges? We have challenges. One that we see is in the whole process with the handling commission review system. This mechanism needs to be fixed. We need a simpler process of setting handling commissions. The current one is too complex, it's too taxing, and it involves a lot of money. Unfortunately, the last time around before setting out, I guess, one of the members decided not to agree – 11 members approved the handling rate; one decided not to, which was the brewers in this case – and it had to go another cycle. If we continue this way, at least from the depots' point of view, we will probably be required if we go to arbitration now, to fork out another close to \$200,000 to \$250,000. We can't afford that. We are asking for intervention from the respective authorities to set the handling commission.

The other thing that I would like to touch upon is that for the depots to be efficient up front, we need to be efficient at the back, but we are also dependent upon the manufacturers' providing the level of service in the modes of handling that we do. Every time we get hindrances at the back, it affects our ability to serve up front, on the counter. We face unfair treatment. Sometimes the mode of handling is changed on us. We used to have cartons, boxes that were provided to us. That has changed. Now it's megabags, those big, huge bags. Within the depot we need some kind of a carton to work with, so now we have to buy that carton on our own. That's an added expense to us at the same time.

We have been subjected to the manufacturers' being the stick and policing as to their needs. Unfortunately, I have to say that. Actually, this morning I came across a couple of past reports, and I would like to just bring them to your attention. This one was on the 14th of January, 2004, whereby I had written of my concerns to the BCMB. I'll just read this out to you: was contacted by the Brewers' Distributor Ltd., Mr. Bryan Pearce

that the load sent out on Monday Jan. 12th which had 22 bags of cans was set aside for me to either pick them up or accept their audit and agree to not being paid handling on the bags that they said were short. We find this to be in contravention of the regulation.

Having said that, it also says: what did I do to address the situation? What I did was arrange through a private contractor to pick the bags up again. We did an internal audit on eight bags, and the counts are as follows. The bags are required to have 1,800. First bag 1,798; 1,800; 1,800; 1,789; 1,800; 1,812 1,848; and 1,800. We also found that three of the bags returned to us had actually other

depot stickers on them and not ours. They were from Sunridge and Uptown. We believe that the BCMB, being the governing body, should put a stop to this dictatorship and ensure that the depots are fairly treated.

The other thing is that when we get serviced, we get an empty trailer. It will take 26 pallets. We place ourselves accordingly so that it's a full trailer. It's not a partial trailer. But what happens is – and it's not the ABCRC in this case; it's actually mostly to do with the brewers – that a truck shows up, and they have a half load of maybe fill stuff or other stuff from somewhere else. I'm in a weekend; I need that load to go. They can only take 12 pallets off of me or 16 pallets off of me. I have 30 pallets. I'm supposed to operate the weekend without the ABCRC and the BDL working weekends. That's when the consumers come in. That's when the people come in. Okay? It clogs everything up at the back. What is it going to do to me? It's going to clog up my front. It's very difficult to operate under this environment.

It's the same thing with the issue in the second case. I'm going in the past so that I can show a track here. This was in December 2003, whereby we have an incident report: we have been experiencing difficulties with pickup frequencies and schedule. Ever since the schedule for the holiday was faxed to us, we have been trying to request more pickups in a timely manner.

What did I do to address this? On the 19th of December I made a phone call. I spoke to a lady by the name of Nancy. This is the ABCRC I'm talking about. Twenty-second of December a phone call, spoke to a lady by the name of Jackie; 23rd of December phone calls, spoke to Jackie three times; 23rd of December phone call, spoke to Jeff Linton at the BDA, Bottle Depot Association; 23rd of December I made a phone call, talked to the BCMB, Bob Saari. Finally, on the 24th of December, Mr. Bob Saari intervened. Until I talked to Mr. Bob Saari, I had requested four pickups, that I needed to empty my warehouse. I had only gotten one scheduled, and even that was a spot trailer. They don't come and pick up. They just leave the trailer; we go and load it up. This is the kind of environment that we have grown. I didn't want to bog you down with this, but I'm sorry about this.

The point is that I request that you cannot let the manufacturers run the system. They actually bully the depots, like they do in B.C. and Nova Scotia through Encorp. This has to be governed and run by the BCMB. It has to be an independent body.

The other thing that we want to point out as to how we can move forward is customer education. We find that during the time before the board was created, when Alberta Environment was more actively involved in running the system, there was a little more consumer education. The retailers were mandated to put posters and signs where your closest depot is with the address and all that. All that has gone right now. We don't see that happening, although there's some other good stuff happening on that side probably, but some of these things need to come back. Also, educating the consumer as to, you know, if they want to do a presort. I don't know. It's something I'm just throwing out. If they were just to do a presort, that would speed up the services and all that.

The other thing that we wanted to touch on was standardized sorting and deposits. We have a lot of sorting to do, and sometimes they're like materials and streams, but because it's either too many manufacturer collection agents working on it or it is the difference in the rate or the difference in the size of the container. What we're saying is that all like materials should be treated similarly, and we recommend a set deposit; in fact I would say 20 cents across the board. This will eliminate frustrations for the consumers and at the depot level and will facilitate an efficient and cost-effective service.

I'll give you an example. You take a beer can, which is at 10

cents, and you take a pop can, which is at 5 cents, but then you put a nonalcoholic Molson can or something. We understand that it's a 5-cent, but consumers don't. "It's a beer can. Why aren't you giving me 10 cents on it?" Okay? The Smirnoff cans. On the other hand, it has got alcohol, but it's not a beer can. That's a 5-cent can. All we are trying to say is: let's level the field; let them all go together, one set deposit, and one channel of sending them through.

3:05

Same thing with the import beer bottles and the wine coolers. You have a wine cooler bottle that's Smirnoff and the vodkas and that, which are at 5 cents, and then you have the Coronas and the Millers and Heinekens at 10 cents. Again, that's creating a confusion.

I support the inclusion of milk and, I would say, actually, flavoured-yogourt containers, all drink-type materials, and any supplementary drinks into the system. Completely avoids confusion. They are drinks. They are being drunk. Let's just put them in the system. Okay? It is amazing as to how many milk cartons get turned away at the depots, and the consumers wonder why we can't take them back.

We identify the need for one common collection agent that should be at arm's length from the manufacturers and should not have the ability to penalize or make policy-making decisions. I support the BCMB to be the vehicle of choice to run this system. It has a new team and is reintroducing programs that have proven effective in the past at dealing with problems from both the depots and the manufacturers. I have full confidence in the BCMB to address any concerns that the manufacturers or the depots might have. It is very effective in managing the operating aspect of the container recycling. We cannot have an economic-driven manufacturer that is profit-driven oriented running this container recycling system. The government should mandate environmental policy through the BCMB.

The other issue that I would like to touch upon is unredeemed deposits. There is no accountability to the public on this money. I don't think that the manufacturers should be pocketing the consumers' money. I don't think that's fair. It can be used towards other recycling incentives but through the BCMB or something like that. Where is this money going? We don't know.

I'll just stop at that point in time. That's my humble submission.

**Mr. Hinman:** I really appreciate the presentation. The number one question I have to ask you, being a bottle depot operator, is about the smell of milk jugs. You say that you're happy to take them. What complications do you see with milk jugs? Would it cost you extra to have to have another facility? Just explain why you're willing to take them with all of the reasons that people are saying: we don't want them.

**Mr. Dossa:** Okay. Good questions. Here is the ideal world, which we'll never both have. But, like we said, if the consumer education is there, too, at the same time. Milk jugs: the material stream is already there. The HDPE plastic is already in the system, and the cardboard is already in the system. If it comes to smell, most of the containers that come to us, if they are not in a good state, they are smelling anyways. They are no different than the milk jugs. They are actually pretty much almost the same. Okay? All we will have to make sure, and actually most of the new depots – like, I have it in mine – have an air venting system. What happens is that we can just turn on those fans, and there's a big blower, that unit that blows in air and then blows out. In the winters it's really helpful. We don't have to keep the doors open and that.

Can the milk jugs be taken in within the current system? Yes.

Definitely yes. We might want to go further, you know, make sure that the lids are off because once the lids are off, the issue of smell goes away. A lot of people, actually, who sometimes bring in the milk jugs, most of them when they come to us, it's amazing. They have them rinsed because they don't want them smelling in their . . .

**Ms Calahasen:** Backyard.

**Mr. Dossa:** Exactly. They have them rinsed.

**Mr. Hinman:** Just a question because something that seems so prevalent is the lids. Do you think that there should be a monetary penalty for people who bring them in with the lids on, especially when they're cranked on tight? I've been through the system. It causes some problems. What do you see with the lids, especially talking the milk and the other things?

**Mr. Dossa:** I would actually take a different approach to that. What I would say is to let them come with lids and that we should process them with lids. What happens is that there is technology right now – and I think that the collection agents are on side – to separate that material stream once it is already taken. So they don't get taken off by the consumers. They don't get taken off at the depot level. Let them go in. What I heard was that there is a float, the way they do it, and that that material stream floats separate and, in fact, we will be recycling it that way. So the technology is there to address it; it's just the willingness for us to go that way.

**Mr. Hinman:** But the problem is compacting stuff with the lids on. Air compacts, and then it goes up again.

**Mr. Dossa:** Yeah. And I believe that they have perforations right now. Yes.

**Mr. Hinman:** Okay. So you want the company to perforate them.

**Mr. Dossa:** Yeah.

**Mr. Lund:** We've heard a number of people talk about the wait time when they go to a bottle depot. I can understand where there are bound to be times of day when more people show up, so it's not different than a lot of other times when you have to stand in line. If milk containers were in the system, do you see that causing any problem at your facility? I don't know how long the wait times get to be there. Would that be creating another problem?

**Mr. Dossa:** No. We are there anyways. We're working there anyways. What I'm trying to say is that we have the platform. We have the infrastructure in place. It a matter of us processing. Having said that, we also have a lot of downtime at our depots. If I look at it today, I've got nine people in my depot, staff that I don't have work for. We're sitting today. I can't send them home. I'll lose them. The labour market is such. What I'm saying is: create an enabling environment. Let this HCR, the handling commission, settle down. Hopefully, we'll get a fair compensation where we want to go.

Just on a point. What I'd seen with earlier reports is that the data collection agent had suggested around \$10 or \$11 per hour for somebody to work at a bottle depot. Believe me, that's not the real world for somebody to work at a bottle depot. Although people usually look at a bottle depot, that it is actually unskilled labour or something like that, I humbly deny that. It is very complex sorts. You have to multitask, and you need math all the time without a

calculator. A lot of our people who come to us, we either cannot hire them because of English or they cannot multiply. We have got postsec and university attending and college attending students who cannot multiply. Okay? All I'm trying to say is that we need the right staffing there. We have been training our people. We have them in place.

Coming back to your question again about the wait and that, on our busiest times at my particular depot my wait time has been 15 minutes on an average, no more than 15 minutes, and I've been able to process. Can I expand on that and make it better? Yes. But for me to make it better, I need my ends to be better; otherwise, I will not be able to make it better. When I was at 3,200 square feet and I only had a 12-foot ceiling, I was not opening on Sundays. My hours of operation were also smaller, the reason being that I could not store it, and then I was not getting the service that I needed to get it out. But if I can get all that worked out, if need be, I would like to have as many containers as I can handle as a depot operator because that means more money for me. That's an incentive for me. I would go to any lengths to try and make my business efficient to get those containers in and not have it clogged up so that people go somewhere else or they're not happy with it.

One of the good things that we as bottle people also do is bottle drives. We do charity events. We raise a lot of money for Scouts, minor sports like hockey, soccer, and that. When the bottle drives happen, it's amazing. We've got these kids coming in, and we set them up. We show them how to do it, and at the end of the day they will take in anywhere from \$1,000 to \$6,000 in one day.

3:15

**Mr. Lund:** Mr. Chairman, if we were to encourage bottle depots to put bins at, say, a parking lot where there are grocery stores and other traffic, would you be amenable to that sort of thing?

**Mr. Dossa:** Yes. In fact, I moved my depot in 2001, when I went from that and then went into a bigger place than that. When we went into that, one of the things that I wanted to do and that the family wanted to do was one-stop recycling. I wanted the green bags from my lawn outside in the parking. You don't have to go anywhere. You come to that facility. All your deposits, like the refundables, you bring inside. All your nonrefundables, like your cardboard, your newspaper, anything else like that, nonrefundable glass, ketchup bottles, goes inside the bins, and the city services that.

Unfortunately, the city was not in favour because of whatever architectural or zoning guidelines they had, so I was not able to work that out. I actually wanted to be the first depot to be able to put that thing in place, but unfortunately I was not able to do that.

**Mr. Lund:** Incidentally, I was at your bottle depot years ago, and I can tell the committee that it was very clean and very well laid out. I was very impressed.

**Mr. Dossa:** Thank you very much.

**Dr. Swann:** Thank you very much for your presentation. It's good to hear from the front lines in this business and to get a sense also from you about some of the tensions between the manufacturers, retailers, and yourselves. I don't fully understand that, but I guess I'm wondering: if the management of bottle recycling in the province is not well balanced, in your view, and if you want the management to be shifted, what is the ideal composition of the management of bottle recycling? You said that you liked the BCMB, but you don't like the composition of the BCMB. Who should be at the table to make the best decisions for recycling in the province?

**Mr. Dossa:** I believe that we should all be equal at the table. There's no doubt about it. We should all be equal. There should be fair representation and equal representation, not one having more seats than the others. That's something that should be identified beforehand.

I'm actually happy that you've put that forward. We actually lost out on the seats as a Bottle Depot Association because with beer coming in, we had to actually accommodate one seat to the beer. They also acted as one of the class D permits because some of their people were taking back beer, right? So we lost that, and when we lost that, we lost the equal footing that we had with the other members for us to be effective and have a level playing field. I'm hoping that we can get that back on track.

Having said that, I think the BCMB would be best suited if it got a little more leverage into how it operates, especially with the operating part, in dealing with the – I guess that we are saying manufacturers. If the manufacturer's sole business is to sell, let them deal with that, but there is a body which has to be at arm's length from the manufacturers. Then it will be very smooth for the BCMB to deal with the depots and the manufacturers. It'll be kind of a level playing field. We have developed the QC guidelines, the quality control guidelines, and there is an operating agreement in place. We need to make sure that those are enforced. We were lacking a little bit in that area in the past.

**The Chair:** Any other questions? Mr. Miller.

**Mr. R. Miller:** Thank you, Mr. Chairman. I actually have several questions, so we'll see how much latitude the chairman allows me.

You talked a lot about siting and zoning issues. I have to admit that I'm not familiar with Calgary, so I don't know where you're located geographically. But I'm curious if you could describe for us what you think would be the optimal location in a city for a bottle depot. If you could go anywhere, where would you go?

**Mr. Dossa:** If I could go anywhere? I would say that there's probably room for about three depots to come into Calgary. I'm talking an ideal situation. We would probably want to be somewhere on the top of Sarcee. Is it Sarcee there? North? You know where Country Hills and that Superstore is? Somewhere exactly north.

Now, there is one that came in west of it, which was Spy Hill, just less than I think two years ago. But if you really look at it, that should not have been. Because there was no other place and that was the only available one, the licence went in there. If you look at it, because of the world that we live in with the zoning and that – if I may?

If this is Calgary, we have Crowfoot here, but then we have Spy Hill here, then we have Beddington here, then we have the northeast here. In here there's not much residential, but in here there's a large chunk of residential. This Spy Hill should ideally have gone here, in Sherwood Park or something. All I'm trying to say is that the distribution depotwise would have been really nice and equally done. We have room to probably locate two in the south, one in the west, and one in the immediate south in the future, coming up.

I'll probably take you into history once again a little bit. In the early '90s the city actually chose to shut my depot down. All of a sudden I lost my loading at the back. I went to them, and I asked them: "How did you license me here as a facility if I don't have zoning? Here is my back door, and here is how I used to load." They turned around and said: "Well, who are you? You're not supposed to be in there." So they actually issued a closure. I had to go through a whole city council process and ended up in front of the

city council whereby actually the city council itself was very much supportive, the council itself was very much supportive. They were almost ready to go and classify depots as essential services.

One of the reasons why they wanted to close me down was that they said: the depot zoning does not allow you to be here. But I think it was in '82 when my depot went in. There were no zoning guidelines at that time. So the depot came into being, and the zoning guidelines came later on. When I faced the problem and I went to the city, the city said: "Well, you're not supposed to be there. You're not in the right zone. We need to get you out." All I'm trying to say is just to give you a flavour of what's out there.

**Mr. R. Miller:** Thank you. By the time I'm done with you, we're going to be over time rather than out of time because I've got a lot of questions. I'm wondering if you would have any sense in terms of the traffic that comes into your depot. How much of it would come in by car and how many people would be either walking to your depot or using public transit, taxis or something other than their own vehicle, to come into your depot?

**Mr. Dossa:** I can probably not give you exact percentages of that, but I would say that about 80 per cent is by car and 20 per cent is by either transit or walking and that. Most of the people usually prefer coming in their own cars because they want to come in and make it meaningful for them to turn them in, like a larger load. We've got apartment buildings around me and that. They'll go out on a walk or they're going out on a stroll, and they maybe even pick up as they do, and they'll come in and turn it in. There are people who push carts and bring them in, but there are a few of those, not that many of those.

The other thing is that some of the depots also have like a pickup service going around, so they'll do that. I get calls for pickups. Actually, they'll ask me, "What do you charge?" What I'll say is, "Well, I won't charge, but will you donate them?" A lot of people are happy to do that, and what we'll do is we'll give that money away to either the Scouts or to the charity or the soccer teams.

**Mr. R. Miller:** Mr. Chairman, I don't know if you have other questioners. If you don't, I'd like to ask a couple of more.

3:25

**The Chair:** Go ahead. Then I've got Mr. Hinman.

**Mr. R. Miller:** Thank you. Two more questions. The reason I asked that question is because I have concerns about adding milk to the deposit stream. In particular, I've asked a number of people whether or not they've got any research that would show the impact on low-income and fixed-income individuals and families if we were to add milk to the deposit stream. That was why I asked about how people arrive at your depot and whether or not you see a lot of people taking transit or walking as opposed to bringing their own cars. My sense is that most people that would be on fixed or low incomes may not have their own vehicles, so it was helpful to hear that.

**Mr. Dossa:** May I comment on that?

**Mr. R. Miller:** Yes, absolutely.

**Mr. Dossa:** If I put a number of 100, then I would say that of the 100 people that I've personally talked to about having milk in the system, not one has said that it should not be in the system. I have explained that it would probably put on a cost because right now



what you pay is a recycling fee, but you don't pay a deposit. There will be a deposit on it. You know what the answer is? "We get it back, right?" I say, "Yes, you do get it back." They say: "Fine. We want it in."

**Mr. R. Miller:** Thank you. My last one. I'm relatively new to this entire issue, and I've learned a lot in the last couple of months since being appointed to this committee. One of analogies that I like to draw – and I think I mentioned it to Mr. West in a conversation earlier – is with the carwash industry and the changes that we've seen. In the carwash industry 20 years ago there was very little option in terms of how you washed your vehicle. Today it's everything from using the hose at home to a wand wash to an upscale facility where you can have a latté and sit on a leather couch and watch TV while your vehicle is washed. I haven't seen a lot of that in the recycling industry although I'm starting to. The depot closest to my home recently added a drive-through, a very popular service.

I'm just wondering if you might comment because you're on the front lines, and it sounds like you've got a very progressive facility and some interesting ideas even to the point where you were held back by the city, as you were describing, with the one-stop recycling centre. I'm wondering if you would comment on that and whether or not you see the industry sort of moving ahead and adapting to the 21st century to encourage people to do more.

**Mr. Dossa:** Yes. I definitely see them moving, but like I say: empower us; enable us. There are things that we on the front lines see that we can change, and we can help make the change happen.

For example, we have an AGM coming up, an annual general meeting, of all the depots, and from what I understand, there are going to be a couple of different machines on display out there whereby although it's not doing all the work, I think it will count glass, plastics, and aluminum cans. It will be able to process those. As to how fast and that, we still have to go and see. Again, the logistics at the depot will have to be changed at the back as to how we do that work, but that will help us in enhancing our systems and that. Those machines don't come cheap either.

Yes, we do see ourselves moving. One of the good things is that there's an industry discussion group that is comprised of the collection agents, the BCMB, and the Alberta Bottle Depot Association. They brainstorm this on an ongoing basis as to how we move forward, and to make this go better.

**Mr. R. Miller:** Thank you very much for your time.

**The Chair:** Mr. Hinman.

**Mr. Hinman:** Thank you. Mr. Miller's one question brought up two in my mind. You say that we need three more bottle depots in Calgary. Who would decide how many we should have? Secondly, who would decide who gets the licences? How would you answer those two questions?

**Mr. Dossa:** I guess there is a process in place whereby applicants would submit a business plan and a proposal, which goes to the BCMB. Then there is a process within the BCMB that takes place, and they look at the best business plan that they've got. Then, of course, it would also take the building design, the location into consideration. All these things would come into play, and based on that, the successful applicant would be awarded the permits to get the facility. This is what happens usually with that. There's been talk of going into what the other franchisers do – I'm not a propo-

nent of that – for example, what the Tim Hortons have. I mean, I would love to have it personally because I'm probably on the north edge, and for the next one that goes, I get the first right of refusal. If I say no, only then somebody should get it, which is not the case, and I think that's good. That's the way it should be. It is free. It's an open thing. It's not closed in. Any successful applicant from out there is allowed to participate.

**Mr. Hinman:** But who would decide how many?

**Mr. Dossa:** Well, there is also a formula for that, from what I understand. What they have done is they have compared population bases and demographics. There are actually changes from what it was and the way the deciding criteria were 20 years ago, and today I think it has changed at least three to four times. I'm not exactly sure on the number, but it has evolved and changed. Like I said, the square footage has changed; the requirement on the parking has changed. So things like that have changed.

**Mr. Hinman:** But my comment on that is that there are these mechanisms in place right now, but obviously they're failing because we need three more in Calgary, in your opinion, and we don't have them.

**Mr. Dossa:** I remember clearly that I had brought up a few years back that somehow, somewhere we need to work with the municipal governments to change the zoning criteria of the bottle depots from what they have right now and make it more flexible, and I think we will see a much happier solution to this.

**Mr. Hinman:** Thank you.

**The Chair:** Thank you, Mr. Dossa. I appreciate your information.

**Mr. Dossa:** Thank you very much.

**The Chair:** Our next presenter is the city of Calgary, the waste and recycling services.

#### City of Calgary, Waste and Recycling Services

**Mr. Saley:** Good afternoon. I feel like Donald Rumsfeld in front of the commission after some comments about the city. I'm dealing with a few questions, and rightly so.

**The Chair:** If I could ask you to put your name onto the record, please, and then go on to your presentation.

**Mr. Saley:** Certainly. My name is Mike Saley, and I'm the manager for strategic planning and diversion for the city of Calgary, in essence the recycling programs.

We didn't prepare a formal document for you here because we had submitted a letter to the committee answering the questions that were sent out to us. I will reiterate some of those points and really highlight the areas that we want to talk about and reinforce. I have to say that I really commend this process. I was talking to Alberta Environment about how it came about because it's a little bit unusual to experience it, sitting here on this side of the table, face to face with names I've heard and seen in the newspaper, and to really know that there's care and concern to change and make the system better is certainly encouraging from a municipal point of view. We really appreciate your effort on trying to make a better system for Alberta.

Let me go on to our points. I don't think I'll go into all the details that we have provided to the commission in our formal written

submission but just hit on a couple of key highlights that I think are really important. I guess one of the things that we think is that the diversion rate as it currently is is not acceptable in any shape or form. A lot of discussions here today about how to fix that and what the issues are, but in our opinion it's not acceptable, period.

Our target that we feel is acceptable is at least 80 per cent diversion of this system. We have touted wherever I go, certainly, that this is an amazing system, started back I think it was in 1972 based on litter, not environment, so the focus has changed a little bit.

I come from a small community where I did pick bottles out of ditches to make money on weekends, and it was a great experience. But the focus has changed a little bit, and there are groups that still do those sorts of things. I do represent a large urban setting, so I guess the context of my comments reflects that at this point, although I do have people and family living in small communities, and I go to those bottle depots as well and understand that experience and the challenges that they have.

So the first point is 80 per cent. We feel that 80 per cent is the minimum standard. This system has achieved that. It is possible, I think. There are things that can be done to get back to that rate or even higher.

3:35

The other thing is the deposit fee. I believe in what's been represented here, a free-market type system. It's easy for me, certainly passionate about recycling and diversion, to say that I know what the right system is, but one thing is certain: the markets certainly will determine what the right system is. They have the ingenuity, as represented by the past speaker, of improvements, of possibilities, of things that we haven't even thought about that could make the system better than we ever thought and achieve the return rates that we didn't think were possible. So I commend that individual. I believe I spoke to him a number of years ago, but I can't remember his name, so I apologize for that.

I do have to say, though, as my third point that we have this thing, a perception or reality. The statement that we get from Calgarians is – I call it sort of the triple-S syndrome – that it's smelly, sticky, and slow, whether that's real or not. Certainly, there are businesses that are doing an exemplary job of the work in collecting bottles. There are businesses that are not. But I can tell you that's the general perception of Calgarians. Even though I don't operate that system, I do get a lot of comments back about what their perception of it should be. They want it clean, efficient, fast, and effective, and they don't feel that that's what it is. I am certain that the participation would go up significantly if they felt that that's what they were going to get. Again, committee members, ideas here today. Bottle depot owners, other representatives certainly have the ideas to make that happen.

Another point is milk. A lot of discussion around that. I think people feel passionate about it. Obviously, you have an agricultural industry which includes milk. One of my best friends was a dairy farmer straight from Holland, so I got a really good understanding of milk and what goes into making milk. But the reality, certainly, again in a large urban setting, is that people don't perceive a difference between a milk container or a water container or a soft drink container or whatever you want to call it. It's a container. They want that system, as I said before, to be fast, effective, and efficient, and one way you do that is you treat a container as a container. We believe that the milk containers should be part of the system, and that increases the service and expectations of our citizens and, from what I know, other citizens across Alberta as well.

The issue of smell. We currently collect milk containers in our

system, quite a significant amount. We take them to a facility. We stockpile them there. There's no issue with smell. Is there a perceived issue of smell? Yes. Can any one container or containers become smelly? Absolutely, but as a whole it's not a major issue. Is it perceived as a major issue by some? Certainly, and I guess that's one that we'll have to work around and see where that lands, but from our point of view it's a perceived issue with some reality that, yes, there is smell no matter what the container is, as indicated earlier, whether it's milk or anything else. I guess that as a personal point I would also offer that there's been talk that milk sort of is the essential food or, you know, allusion to that. Well, I say: what about water? Water is probably more essential for life than milk is, and it comes in a container, and that's the way people are using it these days. We have to accept, even if we don't agree, that that's how people are consuming these days. Water is coming in containers, and they are using them.

The final point, I guess, is about leadership. We again commend the committee for being struck, for listening to Albertans, for listening to ourselves. Leadership is about a vision for the future state of what it could be, not trying to figure out the problems and the barriers of what it is today. I would ask this committee to have the vision to say that if it's a bottle depot system, which we think is very good – and there are standards that can be set as identified here today to give that experience that people want – let's have that as a vision and work towards that instead of worrying about the barriers that are slowing us down or hindering us from getting there.

That's the conclusion of my comments. Thank you.

**The Chair:** Thank you.

Any questions?

**Dr. Swann:** Thanks very much, Mike, for your presentation, informal and to the point. Do you have a sense as a neutral participant in the recycling program of what an ideal management board should look like?

**Mr. Saley:** I think it has been represented here by several parties. I have, I guess, the privilege of being on one of the ARMA boards regarding electronics. They struck a committee that had equal representation from different stakeholders. I feel that works very well, and I believe that would work very well here with the Beverage Container Management Board. You cannot have one industry or one group dominating and creating roadblocks because they don't agree with a certain policy or practice. It has to be equal and fair.

**Dr. Swann:** Thanks very much.

**Ms Calahasen:** So if we have an equal representation of the various stakeholders on our board, there shouldn't be any issues relative to skewing of decisions that would be made? Everything else seems to be okay with the BCMB?

**Mr. Saley:** I have to admit that I'm not as fully familiar as some with that organization. I see it working at a much higher level, so it would probably be inappropriate for me to get into the details. But, generally, I do feel that that group has a strong role to play. It's the structure of that group that is in question and the equity in ability to make these decisions.

**Ms Calahasen:** Okay. My question, Mr. Chairman, if I may. You indicated that milk containers need to be included, and that's based on the fact of a number of things: efficiency, that there's really no odour, that a container is a container, that a beverage container is a

beverage container. So you haven't heard from any of your stakeholders of the problems that could come as a result of them not being included?

**Mr. Saley:** I guess it's people's perception of what might happen versus when it happens. The opinions might change. I also want to say that it's not that there isn't any smell. In any recycling operation there are smells and odours. That's the reality of recycling. It varies depending on what the commodity or material is.

Going back to the issue of – I forgot what I was going to say. You were talking about?

**Ms Calahasen:** Milk containers.

**Mr. Saley:** Thank you. Milk containers in there. I can say that I've never had a complaint from any citizen in the time that I've worked in this field saying, you know: you guys are looking to include it; I'm opposed to that. Almost every single inquiry is: "Why is that not included in the beverage container return system. It's a container. I go there. Make it efficient. Make it easy." That's what it's about for them.

**Ms Calahasen:** Okay. Thank you.

**The Chair:** Mr. Lund.

**Mr. Lund:** Thanks. Thanks, Mike, for the presentation. I'm curious. I don't know how your system works. Obviously, you're pulling out milk containers. At what point is that done? Is it at the collection point?

**Mr. Saley:** What we do is a little bit different than some other places. Right now we have what we call a community drop-off system. As part of that system we have dedicated bins for milk containers. We actually go and collect a large bin. We have a specialized piece of equipment that basically vacuums all of the milk containers out of that bin and takes them to our processor who processes plastic containers, including milk containers.

**Mr. Lund:** Are you getting much contamination? I mean other kinds of plastic. The milk container and, I believe, the juice container are both a very high-quality plastic with some very good residual value. Are you getting contamination from other plastics that come into that system?

**Mr. Saley:** With our system we do have some contamination, but it's at very low rates. I guess it defies to some degree the odds of social engineering, but we were told that people actually are passionate about separating materials. Then they know that the right thing is going to happen, so they're willing to take the energy to do that.

In fact, we're doing a test to go to curbside right now, which many other cities have. The citizens at the depot that we tested that at were basically questioning why we're doing that because everything needed to be separated and dealt with because that's what happens to have it recycled properly. Once you get people believing in it and passionate about it, it's hard to change their behaviour. I think that in this case, when we get people to believe that returning milk containers along with beverage containers is the right thing to do, you will have no problem meeting the targets that I mentioned earlier.

**Mr. Lund:** Thank you very much. That's very good information.

**The Chair:** Mr. Miller.

3:45

**Mr. R. Miller:** Thank you, Mr. Chairman. Mr. Saley, we heard from the previous presenter about the issues of siting and zoning, and you mentioned it when you first came up. I don't know whether or not that's part of your role at waste management, but from your perspective does that impact the capture rate, which you yourself said we have to get up to 80 per cent?

**Mr. Saley:** At the risk of alienating my planning counterparts, I used to work in sort of that area, so I will offer an opinion, but I wouldn't represent it as the opinion of the city of Calgary. The opinion is this, and I guess I'll just have to be blunt and pragmatic about it. It goes back to this perception of what people think bottle depots are as a whole, not as represented here today, which is a great example of what it could be, I guess. As a whole they do not see them as value-added in the community. When someone can strike the right balance on seeing those as value-added and necessary elements of the infrastructure, then those will be part of the community. As such our planning laws and regulations hinder the ability to get the density, I think, that is required.

**Mr. R. Miller:** Thank you.

**Mr. Eggen:** Thanks so much for coming this afternoon. I'm sure you can provide insights from the city perspective on a number of recycling issues. We're certainly dealing with beverage containers here today, but I know the city of Calgary has just instituted a recycling program, a curbside program, so you're seeing which returnable containers are not going through the other systems, I suppose. Perhaps you could give us some information about what you are seeing that's returnable that's not going through the other systems but now being captured by your curbside systems.

**Mr. Saley:** Well, at the moment we don't have a curbside recycling system. We are going to implement that in 2009. What we do have is a 50-depot system to collect recyclable materials right now, and as part of that system we collect the traditional glass, metal, plastic, paper, and milk containers. I would argue that we're sort of a bottle depot unto ourselves, where some of those materials, again because of convenience – people don't want to go to the bottle depot – they drop off refundables in those containers that we have. The rates aren't really high, but they're increasing, so it is having an impact. In the comments that we get back, again, it's totally about convenience and access. They want one-stop shopping. That's what it's about.

**Mr. Eggen:** Do you know much about the curbside system that you're going to start in 2009?

**Mr. Saley:** Yes. I managed the pilot that we did for a couple of years, and whatever the question is, I'm sure I could answer something on it.

**Mr. Eggen:** I'm just wondering: are you factoring into the cost of running that service the returnable bottles that you will capture with the system? In the city of Edmonton, you know, it amounts to a substantial amount of money revenue that the recycling system gets.

**Mr. Saley:** I'll throw out a number. I could be wrong; it's just sort of a vague recollection here. Certainly, I know the Edmonton system. I lived in Edmonton for nine years or something like that

before I came to Calgary. They get a substantial amount of return deposits that they get credit for through their curbside recycling. The same thing would happen through the city of Calgary system. Those refundables would go into the recycling system and be captured through a commingled type of thing. Again, there will always be some people who would not take advantage of the deposit return and would just put it into that system. What the percentages are I guess we'll have to find out. I think that in Edmonton – and again I don't speak for Edmonton – I seem to recall that the value was in the neighbourhood of \$200,000 a year, but I'm not sure.

**Mr. Eggen:** Okay. Thanks.

**The Chair:** As chair can I ask a question? When this committee was first struck, I did quite a few different media interviews, and one of them happened to be one of the local radio stations here in Calgary. If I recall correctly, I think there were maybe four or five people that called in with their comments. The comments were such – and I think you addressed it somewhat. They were baffled as to why the city would not have a designated bin for recyclables. The comments that I heard from them on that radio show were that the deposit levels were too low, that they were too busy to go to a depot, so they were just throwing them into the garbage for the time being, although many of them did say that they were recycling. They were probably going to your community site bins. They said: why wouldn't the cities or the municipalities, et cetera, put up designated bins so people can have that one-stop area? They were willing to donate those recyclables, and then the city would use those funds that they collect to give to nonprofit groups within the city of Calgary. I just put that out as food for thought, the comments that had been directed at me when I did that talk show.

**Mr. Saley:** Again, this is sort of stepping a little bit beyond the realm of what I probably should comment about, but I will anyway. When it comes to recycling – and it doesn't matter whether it's a beverage container or a piece of paper or a can – what people say they do and what they do are not the same thing. We unequivocally proved that with the recycling pilot that we did.

For example, 70 per cent of the people say they recycle. Well, right now we've proven that 30 to 35 per cent of the people recycle. Why? Because when I ask that question or anyone asks that question, they know the answer. The answer is: yes, I do. We know that people are not recycling at the rate that they say they are. That's an opportunity in the future to recover more of the materials and have people engaged.

The other aspect you were asking about, recovering of funds, or they're already suggesting that. Running the depot system that we do now, we have some social problems in our inner city where there are, I guess I'll say, bottle-pickers who know that that's where the material goes, and it becomes an issue of people becoming afraid to go to these locations because of certain elements and sort of fear of intimidation and things like that that become a bit problematic. When people know that there are funds available to be recovered from that, then they automatically go and recover those materials. We don't want to encourage people to put refundables in their garbage, for example. That seems to be an emerging issue, where people will go back and rip the garbage open to get a 5- or 10- or 20-cent container. Then it becomes a litter issue, and people become upset in the community.

I just sort of offer that as maybe the other side of the thing we deal with. Certainly, I know that people want the social good, and if they feel that they can give the bottles to people, they do because they believe they're helping those individuals.

**Mr. Hinman:** I appreciate the answer. I guess that my comment, as I thought about that, is that we've learned to build bearproof deposits in our national parks. I think that we could build one-way deposits for our bottles as well. It is a problem that the chairman has brought up. Anyway, that's for an entrepreneur.

**Mr. Saley:** We have tried.

**Mr. Hinman:** Okay.

**The Chair:** Before I close, I'd just like to basically ask this question of you. Once you go to your new recycling system in the coming year, what will happen to those community pickup spots that you have now? Are some of those sites, first of all, located close to residential areas? If so, would they be sufficient that the council could possibly consider them in terms of these sites being possibly available for other bottle depots into the future?

**Mr. Saley:** Again, all this is sort of out of the realm of, I guess, what I feel . . .

**The Chair:** I guess that I'll put it as a comment for you to bring back to the masters rather than having to make the commitment.

**Mr. Saley:** I'll give you the blunt, pragmatic answer: no. The reason is that it gets back to some of the issues we talked about. We don't want to be attracting the wrong type of behaviour by people knowing that there's a resource there that they can acquire. I can tell you that there is some misconception, too, about what these bottle-pickers would do to recover that.

**The Chair:** No. Sorry. I think you misunderstood me. I was talking about your community sites that you have now, that those could be established for licensed bottle depots, not just for putting containers, your pickup boxes.

**Mr. Saley:** I don't think we have the space. If you haven't seen them, they're a bunch of bins that are sort of lined up in an open space. You would need space for facilities. Is that what you mean?

**The Chair:** That's correct.

**Mr. Saley:** They're not large enough to accommodate a typical bottle depot. They're a much smaller footprint.

There's one thing, I guess, if I may add to it. I don't think I got to it. We were talking about the deposit fee. Indeed, it's kind of interesting that the Recycling Council of Alberta tossed this number out, and I think someone else tossed around 20 cents. We feel that 25 cents or more is the number to start to incent people to really take this seriously and see value in it. The other aspect of that other than incenting on that value amount is harmonizing and simplifying again as was referred to by the representative from the bottle depots. Let's get this system as simple as possible. Unify it. Make a single rate. People come in, and it will speed things up. Yes, some are subsidizing others, but overall the end goal is achieved. Make it simple and put a price point that will incent people to make the right decision.

Thank you.

3:55

**The Chair:** Thank you very much, Mr. Saley.

Our last group of the day is the Alberta Beverage Container Recycling Corporation. Mr. West.

### Alberta Beverage Container Recycling Corporation

**Mr. West:** Thank you, Mr. Chairman. Good afternoon, ladies and gentlemen of the committee. My name is Guy West. I'm the president of the Alberta Beverage Container Recycling Corporation. I am pleased to be able to be here today before you to summarize our written submission and to answer any questions that you may have. Members of the committee have with them a one-page summary, but I would like to take a moment to speak to both it and the presentations of other presenters before this committee.

You've heard much about the governance problems that have held back progress and system performance in Alberta. Mr. Szumlas, on Tuesday, of the Liquor Store Association referred to it as dysfunctionality. As most of you know, the ABCRC believes that the issues around improving the system performance lie in matching accountability with authority. For nonbeer containers in Alberta the money and consequent ability to use economic power to create change lies with the ABCRC, but the regulatory authority lies with the Beverage Container Management Board.

The ABCRC's submission to you is that it is the organization best positioned to assume that regulatory authority and match it with the financial wherewithal to make the necessary changes to the system, all this in a fully transparent and accountable fashion subject to stewardship plans and full accountability to the government of Alberta. With authority should come consequences for nonperformance.

In our view such authority will allow the ABCRC to bring new consumer choices and service options into the system, increase competition, introduce innovations through new technologies, improve flexibility for service providers and for municipalities to end the constant bickering over handling commissions and do it all without having the burden to the Alberta consumer increased through increased deposits.

The committee has heard a number of presenters speak of the success of models in other jurisdictions. One of these is in British Columbia, where there is a direct relationship between the government and the industry-led steward, Encorp Pacific. This is the model we would propose to you today, a model that has shown itself to be effective in increasing standards for consumers and efficiency in system management and creating consumer choices to improve convenience. This policy model also meets the test of TILMA, wherein the governments of the two provinces have determined to harmonize regulations and procedures wherever possible. Having made such a decision, the committee then will have to determine such public policy matters as the future of milk containers. But even there new thinking can be brought to bear.

The Alberta Dairy Council, the Alberta Plastics Recycling Association, and the gentleman from the Vulcan District Waste Commission made passionate arguments about the high value of HDPE and how it helps keep municipal recycling programs alive, but a flexible regulatory environment would provide for some out-of-the-box thinking in that regard. What if municipalities realized the 20-cent deposit value from milk jugs allowed under the current regulation? Would that not be preferable to the 3- to 5-cent guaranteed market rate that the Alberta Dairy program has in place now? What if municipalities in underserved areas could create regional systems and become a form of bottle depot themselves, realizing both deposit values and handling fees for their efforts? ABCRC operates in a not-for-profit environment, dedicated entirely to ensuring the diversion of container waste from landfill. Under such a system possibilities abound.

Ladies and gentlemen, in our written summary tabled before you, we reference the Canadian Council of Ministers of the Environment standards for world-class stewardship models. They were brought to

the table by Alberta Environment and referenced by other presenters to this committee. I won't read our summary submission into the record, but I want to point out that ABCRC, through its history and its current role as a collection system agent, is already able to demonstrate many of the qualities of the world-class program. In order to make it all happen, ABCRC requires the authority. You shouldn't be concerned about there being commercial interests involved. As you've seen from the presentations before the committee, all manufacturers of all kinds of beverage containers sold in Alberta are both passionate and committed to preserving Alberta's environment and to ensuring a level playing field for everyone involved.

Canada has a long and successful history of industry stewardship. It is the standard by which successful recycling programs should be judged. Our model will provide an industry-led board whose members are appointed in proportion to market share, have a strong public component, and include advisory committees for both municipalities and bottle depots. I believe our organization has demonstrated its credibility and leadership in Alberta, and now is the time to put our experience and expertise to its fullest use.

Right now there is a frustration at political and senior government levels because there is no one you can point to and say: "Fix it. We have a problem." I'm here before you today on behalf of ABCRC to say: "Point to us. Hold us accountable for the performance of the system, for improving recovery rates in Alberta, for performing in the best interests of Alberta consumers and those who operate the system. We won't let you down."

With that, I would be pleased to answer any questions from the committee.

**Mr. Eggen:** Well, thanks so much for coming this afternoon. We certainly have some clearly defined parameters that you would like to see take place in terms of change for the beverage container recycling program in Alberta. There are a couple of points of clarification that I need to ask you here, though. In your briefing sheet that you distributed, you said that you would like to level the playing field, including all containers. Are you suggesting beer bottles as well within that scope? What do you mean exactly?

**Mr. West:** If we are given the authority for beverage container stewardship in the province, we recognize that we will be responsible for all regulated containers. At the moment that does include beer, so as part of our board they would have a voice at the table.

**Mr. Eggen:** Okay. Again looking to unify the system in terms of authority under the ABCRC, what is your organization's position in regard to the unredeemed deposit issue? Would you like to see that remain under your control, or do you have an adaptation that you would like to put forward in regard to unredeemed deposits? If I could just get you to talk about that a bit.

**Mr. West:** Certainly. The ABCRC currently has and has always had responsibility for the unredeemed deposits. We take that responsibility very seriously. We have used the unredeemed deposits to invest in infrastructure improvement. We have spent approximately \$10 million in the last eight years on consumer-awareness campaigns. We have worked in partnership with the government of Alberta, provided infrastructure to Alberta parks, and are currently negotiating to provide similar infrastructure to the cities of Calgary and Edmonton this year and are budgeting to do so in more municipalities next year. We believe that we are best suited to maximizing the use of the return on investing the unredeemed deposit back into the system.

**Mr. Eggen:** Mr. Chair, can I just ask one little bit? Certainly this is not reflecting on what your intentions are or on all the good things you do with unredeemed deposit monies, but it just seems to me that inherently the less bottles and cans you get back, the larger that pool of money gets for you, right? Just systemically don't you think there would be room for some efficiency? Because, of course, as I say, the more bottles and cans that don't get redeemed, then the bigger that pool of money gets. I guess that's more of a statement than a question. I see a systemic problem there in regard to getting the most bottles and cans back.

4:05

**Mr. West:** Mr. Chairman, if I may, I would like to comment. As I said, we would accept that the government of Alberta would hold us accountable and that it's not just accountable for managing the unredeemed deposits; it's for improving diversion and for performance of the system, and if we were to fail in that performance, there would be consequences to it.

**Mr. Eggen:** Absolutely. Thanks.

**Dr. Swann:** Thank you very much for your presentation. I'm not sure if I misheard it, but maybe you could clarify the deposit fee again that you were recommending.

Secondly, I'm wondering what you would do about the deficit of depots, how you would deal with the imbalance in the province, and how you would move towards a more accessible, attractive system under your guidance.

**Mr. West:** Certainly. Our position on deposits is that we believe performance of the system can be improved without changing the deposit levels currently under the regulations, that it is a question more of convenience and access for consumers that will drive performance and recovery rates in this province.

In regard to, as you put it, the deficiency in the number of depots, it's been mentioned earlier today that they are about three depots shy now in Calgary. I believe the BCMB currently sites them based on a 40,000 population requirement in metro markets. If you look at that, 120,000 people in the city of Calgary are without equitable service, if you will, or access to a bottle depot, and that is more than 10 per cent of the population of Calgary. Given the restrictions and challenges that exist, as Mike Saley pointed out, with the city zoning and that, I think we need to break what I refer to as the Henry Ford model of bottle depots. We need to get creative and think outside the box.

Mike and I have not discussed this, and Mike and I have had many discussions in the past, you know, as far as the 50 recycling depots that exist in the city, that when the city goes to a curbside program, I'm not so sure that they couldn't be adapted into a bottle depot. Could they be adapted into a 5,000 square foot bottle depot or, as the gentleman from Beddington Heights Bottle Depot said, a 7,000 square foot bottle depot? No, I don't think so. But is there an opportunity to create a style of bottle depot that would provide convenience and service to consumers in those areas? I believe there is.

**Dr. Swann:** A follow-up, Mr. Chair? Thank you. It's not clear to me how you think you're going to increase recycling rates. Can you summarize the steps that the organization would take to get to the kind of rates that we all think would be acceptable?

**Mr. West:** We would evaluate the different regions within the province. If you look at the practices survey that was done by the

BCMB and Alberta Environment as part of this regulatory review process, it identified Fort McMurray-Wood Buffalo as potentially one of the greatest opportunities for improvement. If we were to pro-rate sales on a per capita basis and compare it to the number of containers recovered in that region, they have about a 51 per cent recovery rate. The BCMB has been similarly challenged in the city of Fort McMurray with siting a second bottle depot, given the economic activity going on in Fort McMurray.

We have what we refer to as a community partner or a community champion in the city of Fort McMurray. It is the SPCA. They have through word of mouth arranged the recovery of beverage containers being donated by a number of the oilfield companies, by Telus and a number of other large businesses, and they probably have enough volume in their yard – and I'm hoping this won't be published up in Fort McMurray because we may have some bottle pickers go up there – that I would say would rival one and a half to two trailer loads waiting for them to be able to get it through to the bottle depot. I think we would look at where the need is. The region of Peace River, by comparison, has about a 91 per cent return rate based on pro-rated sales.

So there are areas within the province that are extremely well serviced and achieve a very high level of diversion. We would need to look at individual areas and then work with the existing depots within that area, and if there is no existing depot within that area, work with the municipalities or the municipal districts and waste commissions within those areas to come up with creative opportunities to improve diversion.

**Dr. Swann:** Thank you.

**The Chair:** Mr. Miller.

**Mr. R. Miller:** Thank you, Mr. Chairman. Mr. West, point blank: why would your organization be a better choice than the BCMB to run the collection system? I guess as a follow-up: what level of government oversight would you expect or be willing to accept?

**Mr. West:** We would be willing to accept whatever level of government oversight was deemed necessary by Alberta Environment to ensure accountability, transparency, to ensure the confidence of Alberta consumers in the system. I believe ABCRC is a better choice to operate this system because it is ABCRC's manufacturers and our stakeholders that have introduced these containers into the marketplace through retail sales, and it is their responsibility that they accept completely across Canada to recover those and redeem those containers and divert them from the landfill.

**Mr. R. Miller:** Thank you.

Mr. Chairman, I also have a supplementary. There were a number of serious allegations and comments made by Canada's National Brewers when they made their presentation to the committee on Tuesday. In particular, there were allegations of fraud regarding inappropriate materials being placed in the large collection bags and miscouunts. I'm wondering how you would respond to that. In effect, they pointed the finger not only at the depots but at you folks as well.

**Mr. West:** I think the thing they have to be careful of is that whenever you point a finger, you have four pointing back at you.

We have had some challenges with counts from bottle depots. I don't believe that the majority of it is intentional, so I wouldn't classify it as fraud. I think, as Mr. Dossa from the Beddington depot mentioned, we have largely evolved into a bulk handling system,

1,800 cans per bag, and I believe the depots for the most part do what they can to achieve that standard. He gave some examples and we have thousands of examples in our database where there are depots that overship consistently and there are depots that undership consistently. On average, there are depots that are both above and below but overall are pretty good.

We are working with the Alberta Bottle Depot Association in improving the audit technology. We are also including the BCMB in this. The BCMB recently commissioned an expert to evaluate the system and is now working with all stakeholders to improve the efficiency of the audit system.

**Mr. R. Miller:** Thank you.

**The Chair:** Mr. Hinman.

**Mr. Hinman:** Thank you, and thank you for the presentation. My question goes back to the authority and how much you want mandated. You feel that in the best interest of removing beverage bottles from the system, you need the authority. You're going to be innovative in getting that 13 per cent more or whatever we're after with government oversight.

Basically, just to summarize, you want complete authority to be able to be innovative and decide. You know, the BCMB says 40,000. You would like the authority to say: well, it's going to be 30,000. Is that the latitude that you're looking for?

**Mr. West:** We would like the latitude to be able to work with the stakeholders. You know, the BCMB has done a study on the city of Edmonton bottle depots. I believe there at the time were 18 bottle depots in the city of Edmonton, four of whom – either four or six. I'll call it six just so I'm not getting myself into too much hot water. Their volumes suggested that they were servicing a population base of 40,000. The other 12 depots are not. They are to some degree below the 40,000 population mark. I believe that those depots have the opportunity or should be given the opportunity to go out and increase their performance to service the 40,000. But if they've chosen not to or are unable to, the target is still the target. If it's 85 per cent or if it's 90 per cent, that is the target that the system as a whole must achieve. If every depot is not achieving on average the target, the system as a whole can never achieve the target.

4:15

**Mr. Hinman:** I guess just to follow up on that, then, I trust that you've got a lot of innovative thoughts that you've been looking at like; for example, the one in an area that has long lineups or people are upset, allowing such things as a mobile recycling unit that could go in to assist on the weekends or those types of things. Is that the type of thing that, when you say innovative, you're serious about being innovative and doing things to solve the problem, or status quo?

**Mr. West:** No, I'm very serious about being innovative. One of the innovations that I believe we can make based on the existing structure – I believe Mr. Dossa mentioned that they do a lot of sorts, which is true. That has allowed the ABCRC to be, really, a world leader in the quality of recycling material that we ship into the recycling markets. That being said, that requires a lot of time and effort at the front counter, where most of the primary sorting is done. If we could reconfigure our plants at the ABCRC to where we could take advantage of technology that is being developed to do sorts through automation, then we could really just have the depots receive the containers by deposit value and not do any sorting.

**Mr. Hinman:** Thank you.

**The Chair:** Mr. Lund.

**Mr. Lund:** Thank you, Mr. Chairman. Thanks for the presentation. I think what I hear you saying is that you would like us to challenge you with a certain number and say: here, you accomplish this number, or we will get somebody else to do it. Is that basically the bottom line?

**Mr. West:** We would like the opportunity to partner with the government of Alberta and Alberta Environment to improve the system, and part of that would be setting specific targets.

**Mr. Lund:** There were a couple of presenters who made comments about two sets of trucks running around picking up the containers. Help me with that. I thought we got rid of that.

**Mr. West:** It's always a challenge having a former minister who's fairly well versed with the history of the system.

In 1993 Alberta Environment amended the regulation, which eliminated about 40 sorts. Prior to 1993 the different manufacturers were entitled to pick up their own containers if they so chose. There was no common collection system. But in 1993, largely through discussions with industry and the bottle depots, a common collection system was created in which there was no segregation of containers. So where Coke and Pepsi or some other manufacturer may have gone around the depots to pick up their plastic bottles or their glass bottles, at the time Contain-A-Way, which was my first employer in the industry – I've been around that long, too – would collect the containers of those manufacturers that did not want the responsibility to go around and collect.

After 1993 the ABCRC was formed by the manufacturers as the collection system agent, and all nonbeer beverage containers were then collected by the ABCRC from that point forward. A second truck that is going around now is collecting beer containers.

**Mr. Lund:** So, Mr. Chairman, are they collecting from the retail outlets like the bars and also the bottle depots or just going to the areas where the product is consumed on-site?

**Mr. West:** The brewers are responsible for collecting from all 218 bottle depots. They collect the aluminum beer cans and the industry standard bottle, the refillable bottle. All of the nonrefillable beer containers, which I believe were referred to as import, glass and some steel beer cans, are collected by the ABCRC under contract to the brewers. The brewers have responsibility for those containers but don't have the processing facilities to manage them, so we do that on their behalf.

**Mr. Lund:** It almost sounds like it's still pretty inefficient.

**Mr. West:** I believe there are a lot of opportunities to improve efficiency, yes.

**Mr. Lund:** Thank you.

**The Chair:** Ms Calahasen.

**Ms Calahasen:** Thank you very much. I have a number of questions. First of all, your recommendation is that you think that the ABCRC should be replacing the management board.

**Mr. West:** Yes.

**Ms Calahasen:** Your submission is to say that if you have the authority and you have the responsibility, you should be able to effectively deal with the regulatory issues and the problems that exist presently with the management board.

**Mr. West:** Yes.

**Ms Calahasen:** If we allow you to do that, you will ensure that there's a multistakeholder board so that it's not biased or overridden by a certain group of people or a certain sector?

**Mr. West:** We would propose that our board would be made up of a combination of manufacturers' representatives allocated based on their market share and then independent directors similar to what is on the Beverage Container Management Board now: a representative from Alberta Environment, a representative from environmental nongovernment organizations – I believe currently it's the Alberta Environmental Network – and a representative from the Alberta municipalities and municipal districts and counties, a combined seat.

**Ms Calahasen:** So in the present system, the regulatory system, we have the Minister of Energy, then we have the BCMB, then we have the ABCRC bottle depots, and the ABCC. Why do you think you would be the better one versus the bottle depots or the ABCC to be replacing the BCMB?

**Mr. West:** Based on our past performance, based on the fact that the containers that are being recovered and the stewardship of those containers is the responsibility of the manufacturers and we are the agent of those manufacturers, we accept that responsibility. The manufacturers serve on stewardship boards in every jurisdiction in Canada.

**Ms Calahasen:** Mr. Chairman, may I continue?

**The Chair:** Yes.

**Ms Calahasen:** If you do take over that kind of a situation, clear up the problems that exist within what exists presently, then the money wouldn't be going to lawsuits but rather to the people. Then the deposit levels: you're saying that you don't have to increase the deposit levels in order for you to be able to be effective and efficient and make sure that Albertans get a fair share.

**Mr. West:** Yes. We believe we can do it without changing the deposit levels.

**Ms Calahasen:** You're also saying, though, that the milk containers should be all in one because a beverage is a beverage.

**Mr. West:** Our position on milk is that it's really a policy decision for the government. If this committee and the minister deem that it should be part of the beverage container system, then we would gladly accept responsibility for increasing the diversion of those containers as well.

**Ms Calahasen:** You also indicate, then, that there would be no restrictions on what kind or what collection options will be available for people, that there might be even more collection possibilities or depots that could be established as a result of this.

**Mr. West:** We would seek to maximize consumer convenience and access through a variety of different systems. Where the existing

bottle depot system provides adequate service, we would not need to look at improving that.

**Ms Calahasen:** So you're saying, then, that capitalism would really, actually occur, that competition is competition. It doesn't matter where you're located.

**Mr. West:** Yes.

**Ms Calahasen:** Thank you. Thank you, Chairman.

**The Chair:** May I have permission?

**Mr. R. Miller:** As long as you let me go back on the list.

**The Chair:** I'll let you back on.

We've heard lots of comments over the past few days and in our submissions in regard to the deposit levels. I know that in your presentation you've been questioned by some of the members, that you feel that deposit levels are adequate; it's just that we have to improve the system in terms of gathering greater efficiency.

4:25

The one concern that we hear a lot is: an aluminum container is an aluminum container, and it should carry the same deposit level. I'm referring to pop versus the beer. In one of the presentations a few days ago I believe the beer manufacturers pick up all their aluminum, and it's shipped out to Alcoa in the United States to get redone. The pop people use Alcan here in Canada. If it was the same deposit level, I think it would streamline the efficiencies at the depots. It would get rid of all the confusion with Albertans as to why the difference in those levels, the same type of product. Wouldn't we then not have to worry as to where these things go to get recycled? Wouldn't it be, you know, a more efficient system? I'd like to get the comments as to why you feel the deposit levels should be the same, should remain at the levels they're at now and not be, you know, combined to have the same levels, same type of product.

There have certainly been a lot of inefficiencies in our collection system that have been identified. What restrictions exist today or have to be changed so that the system can operate better? Are you lacking certain powers, or is it that there are too many people playing in the sandbox?

**Mr. West:** First off, Mr. Chairman, I guess I would like to take the opportunity to correct Canada's National Brewers. I have not sold to Alcan in about three years. My aluminum is sold to Anheuser-Busch Recycling Corporation, which is the largest supplier of recycled aluminum to both Alcan and Alcoa. They determine which plant is the most efficient plant in which to deliver the aluminum, so some of our aluminum does in fact end up at Alcoa.

It's interesting that everybody to date has assumed that in order to harmonize the aluminum can, it must be done at 10 cents. The regulation currently sets the minimum deposit level at 5 cents unless the manufacturer voluntarily chooses to charge a different rate. This committee could recommend that rather than a minimum of 5 cents, a deposit of 5 cents be established. That would allow for harmonization of the aluminum cans at the bottle depots and introduce, I believe, tremendous efficiencies within the depot structure.

I'm sorry. Can you repeat the rest of it?

**The Chair:** Okay. If I can just go back in regard to all this. If all the cans came in and basically there was one agent, then it wouldn't matter if they're priced at 5 cents or 10 cents. I remember reading



that, that there's a set limit on manufacturers, so thanks for educating me again.

The other question that I had was: there have been a lot of inefficiencies in the collection system that have been identified. What tools are you guys lacking? Are there restrictions that are in place now coming from the various groups that are preventing everyone from coming together to making improvements in the collection rates that we have and in the service that's provided to Albertans?

**Mr. West:** I guess within the existing bottle depots, any of the inefficiencies – I mean, we've identified the aluminum literally. Within our system I've mentioned that we could collapse some of the 26 sorts that we have. If I can convince my board to invest in the technology, we could likely get our sorts down to four sorts at the bottle depot, basically glass and nonglass and the two deposit sizes, and then we would be responsible for sorting it prior to shipping it in the market. The only restriction there is that my plants can't currently receive it in that fashion, but that is something that we are looking at in the next couple of years as our plant's lease expires and we need to find new facilities.

As far as other efficiencies, I believe that there are some restrictions that the BCMB may have unintentionally created with some of their siting criteria. I'd like to point out the towns of Bowden and Innisfail are approximately 12 to 15 kilometres apart on highway 2. I should know the mileage very well because I pass them at least twice a week.

The town of Innisfail has a bottle depot. The town of Bowden does not because it is within the defined trading area, if you will, of the Innisfail bottle depot. It is against the BCMB's rules of operation, as I understand them, for the Innisfail bottle depot to go down and potentially sit – I'm going to guess that there's a UFA station in Bowden or even in a rest area – in Bowden on a Saturday morning or on a Friday morning with a truck and have the residents of Bowden come and return their containers there. Instead, it is incumbent upon the residents of Bowden to travel to Innisfail if they want to participate in the system.

In the city of Lethbridge, I believe about eight or nine years ago, the BCMB did approve a pilot in which the two depots in the city of Lethbridge, both of which are located primarily on the north side of Lethbridge, were allowed to operate satellite bottle depots, miniature versions of themselves. One operated more on the south side, and one operated more on the west side. The volumes of containers recovered through Lethbridge have increased as a result. To my knowledge, these are the only satellite depots that exist in the province.

Those are some of the opportunities that we see. Work with the existing bottle depots. They are very entrepreneurially spirited. As the previous speaker said, they have the will and desire to go out and improve performance. We believe that we should be able to work with those that are so inclined without jeopardizing the integrity of the rest of the system to go out and pursue the containers.

**The Chair:** Thank you.

Mr. Miller.

**Mr. R. Miller:** Thank you. You actually stole my question, Mr. Chairman, so I had to come up with another one. Happy to do so.

Mr. West, you talked a lot about some of your partnership programs and providing infrastructure. I'm assuming that you're talking about the green collection bin when you talk about providing infrastructure. Is that correct?

**Mr. West:** That is the green collection bins, which we partner with schools and a number of community partners, and then the Alberta parks, that we've done recently this year.

**Mr. R. Miller:** Right. You referenced as an example – and your website talks about – the cities of Edmonton and Calgary and that you're working on a partnership with them. Would you be providing those bins, that infrastructure, free of charge, or would they be subject to the \$20 fee that you would charge others?

**Mr. West:** The bins that we're referring to with the city of Calgary and the city of Edmonton are the bear-proof and wasp-proof bins similar to what we provided Alberta parks for use by the municipalities in their green spaces and open spaces.

**Mr. R. Miller:** Free of charge, or do they have to buy those? That's my question.

**Mr. West:** No. Those would be free of charge. We provide those free of charge.

**Mr. R. Miller:** Again, I guess what I'm trying to get at, my curiosity is: why would you partner, for instance, with the city of Edmonton and the city of Calgary for their river parks and municipal offices and provide them with bins free of charge, yet other municipalities have to buy the bins? What is the determinant there in terms of who has to pay for their bins and where you'll provide bins?

**Mr. West:** The city of Calgary and the city of Edmonton have to buy the green bins as well. The other municipalities: we needed to start somewhere, and we basically wanted to fish where the fish were. The city of Calgary and the city of Edmonton have probably the largest number of green spaces. As I mentioned earlier in the presentation, we are putting into our budget for next year to provide other municipalities similar bins for their green spaces.

**Mr. R. Miller:** Mr. Chairman, I have one other set of questions if there are no others, or I can wait until later.

**The Chair:** By all means, Mr. Miller.

**Mr. R. Miller:** Thank you. I've often wondered about the myths regarding aluminum pull tabs. I know that it's not necessarily directly relevant to the hearings of this committee, but I did note some information on your website. I'm wondering if you would like to comment on that just briefly.

4:35

**Mr. West:** I believe, sir, that you are referring to a number of charities that used to collect the aluminum pull tabs to fund wheelchair, I believe was the primary purpose. The aluminum tab, as a percentage of the aluminum can by volume, as a matter of weight, is actually a very dense piece of aluminum. We don't want to stand in the way of anybody getting those in need wheelchairs. We would encourage them to instead look at collecting the containers. I believe you need about 3,000 tabs to accumulate about a pound of aluminum, which is worth, as Mr. D'Avignon said, about a dollar whereas those 3,000 cans would be worth about \$150 in deposit value if they were pop cans, about \$300 if they're beer cans. Collecting the actual container and redeeming it through a depot would likely be a quicker way to get the wheelchair.

**Mr. R. Miller:** Clearly a much more effective way to raise funds.

My supplemental question on that issue, then. Your website says to leave the tabs on the aluminum can. I'll quote exactly from the website. It says, "The whole recycling system for beverage containers costs consumers less when you take the caps off and leave the labels on bottles, and leave the tabs on aluminum cans." I'm wondering, given that statement, if you have any sense of what the cost to consumers is when we take the tabs off the cans.

**Mr. West:** I can't really come up with it. I would not suggest that it's significant in any way. I mean, if the 3,000 tabs per pound was correct, we do about 500 million aluminum cans, so we're talking probably less than \$1,000 in revenues that would be lost to us.

**Mr. R. Miller:** If there are no others, one last question, regarding the unredeemed deposits. If we were to add milk to the stream and presumably increase the capture rate on milk, clearly there would be additional unredeemed deposits. I'm guessing a fairly large amount. Do you have any sense of how much there might be out there in unredeemed deposits if we were to add milk into the stream and what those added revenues would be used for?

I'm assuming now that you got what you wanted. I've been jokingly saying that you want to take over the world, but if you were the DAO and you were in charge of all of the unredeemed deposits, which last year were approximately \$25 million and, assuming that we were to add milk, would be somewhat more, and now you've suddenly got an awful lot more money in unredeemed deposits than you've handled up until this time. Do you have any sense of how much more it would be and what you would do with it?

**Mr. West:** I have not done that math. Yes, there would be a lot more unredeemed deposits, but there would also be a lot more handling commissions paid to the bottle depots, which would draw down some of it. There would need to be a massive public awareness and consumer education program put in place to educate the consumers on the change in the system. I suspect that we would also focus on a school program, try to expand our existing program for the tetra paks to include the gable-top milk containers, and we would also have to look at increasing our infrastructure out in public spaces.

**Mr. R. Miller:** Thank you, Mr. Chairman.

**The Chair:** Any other questions?

Seeing none, thank you ever so much for taking the time to do your presentation here today with us.

**Mr. West:** My pleasure, Mr. Chairman. Thank you.

**The Chair:** Thank you.

Well, that ends all of our presentations for today. I'd like to thank each and every one of you that took time out of your busy schedule to come and provide us with information. As you can see, I think we've got a big task ahead of us as a committee. We'll have a lot of fun deliberating what we've heard and the information that we've received in written form, so if you have time, you can add a little prayer for us.

Once again, thank you very much. I'd just like to ask the committee members: is there any other business?

**Mr. R. Miller:** Mr. Chairman, just in terms of upcoming meeting dates.

**The Chair:** I was going to go to that next. I was going to ask Jody. We had identified October 1 and October 2 as the dates. I'm going to ask Jody to be in contact with the membership of the committee to work that through tomorrow if possible.

**Mr. R. Miller:** Yeah. There are some concerns, Mr. Chairman, in terms of the Edmonton MLAs. We have Read In week, where most of us are committed to be in our schools reading to the classes throughout that week. It would be a difficult thing for us to accommodate meetings during that week.

**The Chair:** Are there any times during that time frame that something could happen for a meeting?

**Ms Calahasen:** Mr. Chairman, we also have some real crucial times coming up in the next upcoming weeks as well, so maybe what we have to do is to try to find the best date possible in order to accommodate all people, not just a select group.

**The Chair:** I'll ask Jody to make some phone calls tomorrow.

I'd ask for a motion for adjournment. Mr. Eggen. In favour? Passed.

Thank you.

[The committee adjourned at 4:41 p.m.]