

**Title: Thursday, October 11, 2007 and Environment Committee**

Date: 07/10/11

Time: 9:02 a.m.

[Mr. Ducharme in the chair]

**The Chair:** Welcome, everyone. I'd like to call the meeting to order and ask that those at the table introduce ourselves for the record. I'd like to start with those that are joining us by teleconference and then proceed around the table. Mr. Miller, if you could introduce yourself for the record.

**Mr. R. Miller:** Sure. It's Rick Miller, MLA, Edmonton-Rutherford.

**Mr. Lund:** Ty Lund, Rocky Mountain House.

**Mr. Graydon:** Gord Graydon, Grande Prairie-Wapiti.

**Ms Dean:** Shannon Dean, Senior Parliamentary Counsel.

**Dr. Massolin:** Philip Massolin, committee research co-ordinator, Legislative Assembly Office.

**Ms Marzalik:** Anne Marzalik, research, Legislative Assembly.

**Mrs. Kamuchik:** Louise Kamuchik, Clerk Assistant, director of House services.

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

**Mr. Eggen:** Dave Eggen, Edmonton-Calder.

**Mr. Oberle:** Good morning. Frank Oberle, Peace River.

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

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

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

The agenda was provided to you in your packages. I'd like to ask if someone could move that the agenda for the October 11 meeting of the Standing Committee on Resources and Environment be adopted as circulated. Pearl. In favour of the motion? Carried.

We have a few sets of minutes. We have the approval of the August 30, 2007, meeting. I hope that all members have had the opportunity to review the three sets of minutes attached to today's meeting package. Let's begin with the minutes from the September 18 public hearing. Are there any corrections or revisions to those minutes? If not, I'd ask for someone to move the adoption of those minutes. Mr. Eggen. In favour of the motion? Carried. Thank you.

The next minutes that we have are from the September 20, 2007, public hearing in Calgary. Are there any corrections or revisions to those minutes? If not, I'd ask that someone move them. Mr. Lund. In favour of the motion? Carried. Thank you.

Finally, we have the minutes from our last meeting, that was held on October 2. Are there any revisions required? If not, if I could ask for someone to move them. Mr. Graydon. In favour of the motion? Carried. Thank you.

I'd like to take the opportunity now to welcome Mr. Ross Risvold and Mr. John Bachinski of the Beverage Container Management Board. In response to the committee's request, these gentlemen have prepared a presentation for us. I'd ask you to please come forward to the end of the table, and we've set aside an hour for you gentlemen for your presentation and for questions from the committee

members. Thank you ever so much for accepting our invitation for you to be present to meet with the committee today. Whenever you are ready, I'd ask that you please introduce yourselves for the record and move on with your presentation, please.

**Beverage Container Management Board**

**Mr. Risvold:** Thank you very much, Mr. Chairman. It's our pleasure to be here, and we'd like to thank you for the opportunity to appear before the committee. My name is Ross Risvold. I'm chairman of the Beverage Container Management Board and a public member on the board. With this I want to state that as a public member I don't have any financial interest in the BCMB. We are a multistakeholder board, so it's a little different than many other boards. I'll be coming at this as a public member of the board.

John, I think you should introduce yourself.

**Mr. Bachinski:** John Bachinski, I'm the managing director of the Beverage Container Management Board.

**Mr. Risvold:** I will get started on the presentation. During the presentation, Mr. Chairman, how do you want to work this: questions to come up as we go through or after?

**The Chair:** I'd prefer afterwards.

**Mr. Risvold:** Okay. That's fine. Thank you very much.

In the presentation, as per your motion by MLA Ty Lund, we're going to look at the structure and role for clarification because I think it's important that we give clarification of the system within Alberta. We're going to look at the operations of the board, opportunities that we see that are there, and the challenges that are also in existence.

About the Beverage Container Management Board. Around 10 years ago a DAO was established. There were several DAOs established around 10 years ago with the province, and we were one of them. We are responsible for the collection and recycling of beverage containers throughout Alberta, and that means as an oversight. We don't do the actual collections or the recycling part. That is through some of the other people. You can read our mission there, but the bottom line is that we are trying to retain our leadership role in recycling and to reduce the impact on the environment and materials going to landfills.

The board representation – and this one is key – is rather unique. We have four public members, a rep from the Alberta Urban Municipalities Association and the AAMD and C. We have somebody from Alberta Environment. We have an NGO from toxics/waste avoidance, and the public member is myself as an appointee. We have the manufacturers on the board for members: the brewers; the AGLC, which is considered in this case to be a manufacturer; the Alberta Soft Drink Council, who are Pepsi and Coke; and the Alberta Beverage Council, who are the small manufacturers of beverages in the province. We also have four depot reps from the bottle depots plus one from the retail liquor stores.

**9:10**

That's the makeup of the board. You can see with my original comment that it is a stakeholder board. This provides some challenges sometimes, but it also provides for tremendous strength and that you have the knowledge of beverage containers and what's happening at the board level at all times. It also ensures that we have a level playing field without having one or two major companies controlling what goes on within the province.

We oversee two collection agents and also 216 depot owners to ensure a cost-effective collection system in the province. We set

ground rules and criterias for the system. We conduct over 200 annual regular depot and retail inspections a year. We issue operating permits for the depots. We approve the collection system agents, and again we have two in the province. We register new beverage containers. Right now we're registering approximately 4,000 new containers a year. We have registered over 65,000 different containers that are sold within the province.

I actually thought we were going to be over in the Leg., in the SPC, where you have a big table. These here just show the various types of containers that we have. I mean, they're trying to get people's attention. This is a shooter. You know, we talk about return rates. When people buy this, will they in fact be thinking they should return it? So part of the complication is with all the different containers that we have. Just for handiness you can put this somewhere and then spray it into your mouth. Will most people realize that this should be returned? We only bring this up because there are so many different types of containers, and a lot of people are not aware maybe of what should be returned, or if they've had too many of some of these others, they're not concerned about it.

We also maintain a systems of appeals. We help maintain a transparent system that is accountable to the Minister of Environment. This here, I think, shows the strength of our system in Alberta. We have the largest bottle depot network in Canada. I think that most Albertans when they think of recycling think of the bottle depots. I would venture to say that we probably have the largest depot system in North America. This is an absolute strength because it's distributed throughout the province.

I want to look a bit at the achievements that we have. We've developed a comprehensive and effective financial data collection system, which is extremely important. We've improved the supervision and positive direction given to bottle depots. An example of this is that when we were looking at return rates, intuitively I would have thought that Edmonton would have had the highest return rates. In fact, it doesn't. Rural Alberta does, then Calgary, then Edmonton.

Now, with this, then, we are working with the bottle depots. A letter went out to the bottle depots in Edmonton saying: what can we do to improve the service to the people to make it more convenient for returns? I have to say that the operators here have been extremely receptive of this initiative. The meetings have been very, very positive. So we are moving that way with them. We have developed a more formal governance structure. We had a bit of one before, but in fact we've gone through a process to strengthen our governance structure, which ties into the province's guidelines.

Interestingly, we have what we call a mystery shopper program. We used to hire people to go out. They have a bag of containers – we know exactly what is there – and then they take it to a depot. The depot doesn't know. Then we just ensure that the correct amount of money is being given back to the people going in. John Bachinski has been the managing director for around six months, and he has now contacted the 4-H and Scouts, which includes Guides, to work with our mystery shopper program. They get a nominal amount of money for that. In my opinion he's being too cheap, but it's fair. I mean, it's user money. But this will be very beneficial not only from the point of view of checking depots and how much money is given back, but it involves more youth, which is extremely important.

A refund and recycle success story. I have to say that we're concerned about return rates, as we should be, but 90 per cent of Albertans recycle their beverage containers. I'm not saying that return rates are 90 per cent; I am saying that 90 per cent of Albertans recycle their containers. There is excellent public awareness of the system, meaning: you go to the depot; you get your refunds. I don't think there is an awareness of what happens after, but that's okay.

The main thing we're trying to do is get them to recycle. As a result, last year less greenhouse gases, and we have diversion from landfills. On that, there have been around 61,000 metric tonnes and an equal saving of oil to 433,000 barrels.

Alberta return rates. How do we stack up against other places? We've looked at our neighbours. Frequently people will look at Ontario and say that they have a very successful program. But, in fact, they have a blue box program and don't have the network that we have set up, and according to a BearingPoint study, return rates there are much lower. I know that Mark Anielski put out a study as a consultant, and he says that Ontario rates are even lower. So Saskatchewan is highest, Alberta second, then B.C., then Manitoba, and of course Ontario. So we shouldn't be using Ontario as a benchmark. We do need to improve, but we're not doing too badly.

The next one is the role and responsibility. Just so you have an understanding of the whole program, we have the BCMB. We oversee the bottle depots. The Alberta Beer Container Corporation, who is the ABCC, handles all domestic and imported beer. Then we have the Alberta Beverage Container Recycling Corporation, ABCRC, and they handle all other containers.

Here's the makeup of the ABCC board. Sorry; it doesn't show up very well for those of us in the back. How is it up front? Good. Okay. Because I would have been thinking I'd been drinking beer. I suppose that goes into *Hansard*. I have not been drinking any beverage other than water. Thank you.

The makeup of the ABCRC board. You can see that the majority shareholders of ABCRC are Coke and Pepsi.

9:20

Understanding the two collection agents. They do collect the containers from the depots, so they go to those agents. They are required to collect the containers from the depots. The agent performs and is evaluated by the BCMB. I'm going to soften that up, and I would say that we oversee it. That maybe should be enhanced and strengthened to ensure that we have the authority to do that.

Let's look at the collection agents' revenues. We have ABCRC: container recycling fees of \$19 million plus sale of processed containers. The ABCRC has an excellent program where they sell a lot of the plastics to Merlin Plastics in Calgary. They then produce them into other goods, so they are actually reused. It's a program that Alberta should be proud of because they are being used.

Now, we have the containers that have not been returned, unredeemable containers. There is approximately \$25 million a year with ABCRC. Looking at ABCC revenue in the same way, they have unredeemed containers of around \$5 million.

Let's look at the unredeemed deposits. This illustrates how many containers are sold in the province, this illustrates how many have been returned to the depots and then go on to both of our collection agents within the province, and this is how much money from unredeemed containers in the province. So there's a tremendous amount of money in unredeemed containers that's collected from the consumer, and then each of the collection agents have those unredeemed deposits. I think the unredeemed containers, the amount of money, is something that should be discussed within your group.

Bottle depot income sources. They are our ambassadors, and they're the front line for returning of containers. They're an extremely important and successful group in the province. They get their money paid on a fee for each container, referred to as the handling commission. Following the money, they give it to the public. The depot owners do not receive income from the deposits paid on containers.

Flow of containers. Just for understanding, the manufacturer or distributor has the containers. When they sell that to the retailer, they collect not only for their beverage, but they also collect the recycling fee. The retailer sells it to the consumer. The consumer then can choose to recycle or not. So it goes down. If they go to the depot, they get their money back. From the depot the container goes to the collection agent. Again, they do an excellent job in this area and in the recycling. From the collection agents they go into some other kind of materials. The beer bottles go back to the manufacturers because they can be used again. Other recycled material is purchased, like plastics by Merlin Plastics, and they make various types of commodities from that. In talking with Merlin Plastics, they have a very good relationship with the collection agents.

I thought it only fair that we'd look also at how BCMB revenue is. We have a levy, which is a container fee that we charge, 50 per cent from the agents and 50 per cent from the bottle depots. From my understanding of the collection agents, when they pay us 50 per cent, it comes from unredeemed deposits, which is, again, consumer, public money. The bottle depots pay a levy from their own revenues, so it's a direct expense. There is a difference there. What I'm saying here from my understanding is that Pepsi and Coke and others like that don't have to pay as an expense to us – it comes from the unredeemed deposits – but each of those depots has to pay from their pocket.

We also have a product registration fee. It comes to around \$40,000, \$.04 million. As you know, I mentioned earlier that we have thousands of new containers coming in each year, and we're trying to do a cost recovery on this so that if people want to bring in new containers, then they have to pay for it. It's a cost recover. There are the depot fees and then interest from the fees.

Challenges that we have. Unredeemed consumer deposits: we don't feel that they're totally subject to full transparency, and that's something that I think the committee should be looking at.

A challenge is the multistakeholder board. When I first went on the board approximately a year and a half ago, as a public member I thought: boy, this is really difficult because you have financial interests on this board other than for the public members. But after being on it for a while, it's a challenge, but it's also a strength in that you have the expertise sitting at your board at that time, and it helps ensure a level playing field for all parties involved in the recycling process. I would suggest that even though it's a challenge, it's extremely important to retain a multistakeholder board.

Return rates are decreasing. You know that. We know that. I have to say, though, that the number of containers is increasing because we've had tremendous growth in the province. Also, the number of containers being sold has increased, a tremendous increase.

Another challenge is the deposit rates. I'm talking here as a public member and certainly wouldn't get the support – so I'm going to put it out there – of all of the board members on this comment. I think the board would say that it's accurate, but the solution wouldn't be unanimous. Deposit rates are not harmonized. This creates some consumer confusion, and it makes it more inefficient for handling of containers; that is, if I have a pop can and a beer can, there are different deposit rates on these. So when you go to the depot, they have to be separated differently. If we had the harmonization of this, we likely could seriously look at compacting these things before they're sent out at the depot level, for those depots that are large enough, really reducing the costs and creating a more efficient system. I'm going to emphasize that I would not have the unanimous support on the board for this. The beer people would say yes; pop people would say no. Just so you're aware of that.

9:30

Another challenge – and I'm going to be very candid here – is ABCRC's suggested takeover of the regulatory responsibility of the BCMB. I was, to put it bluntly, quite surprised with that suggestion. They don't sit on our board, but they have a member that is with Pepsi that has their other group that also supports this but sits on the ABCRC board. We were surprised when this proposal came forward, and I was disappointed that we were not made aware of it because one of the principles we have in our conflicts of interest states that our directors and officers shall at all times act in accordance with and display utmost good faith towards the BCMB. If that discussion was going to take place, those directors, in my opinion, should have brought it forward so that we could have had a candid discussion with the BCMB, with all stakeholders involved who are represented on the BCMB. That is a challenge for us.

I have to say here also that this presentation has not gone through the board because of time constraints. We were requested to come here. We appreciate that very much, but at the same time to get all stakeholders together and have a board meeting within a week is impossible. I'm stating that up front, and I want you to be aware of it.

We should also look at support for the BCMB. It is strongly supported by all stakeholders other than ABCRC and the other group, which is called the Soft Drink Council, who are, I believe, just Pepsi and Coke. I'm making you aware of who is not supporting us but am also very surprised that we didn't have that as an open discussion.

Alberta Beverage Container Council, representing small Alberta beverage manufacturers, support us strongly and bluntly state that it's critical to retain a level playing field. The Recycling Council of Alberta and the Alberta Depot Association strongly support retaining the BCMB and having a level playing field. Let's remember the map of Alberta with all the depots out there. The association represents a lot of people.

The AUMA and AAMD and C strongly support and believe that the BCMB should be strengthened. Of the written submissions to this committee, 80 per cent are in support of strengthening the role of the BCMB. I think this is extremely important, and it goes back to one of our challenges and one of my disappointments.

Opportunities. Strengthening the role of the BCMB will enhance environmental stewardship. We are strengthening the governance, but we think we need more oversight.

The handling commissions. We're going through a review right now, as you are all aware, and it's costing a lot of money, but we are improving. We haven't finished improving the governance on handling commissions. Those handling commissions, again, are what are paid to the depots.

Opportunity to harmonize. Again, this would not get unanimous support, so it's somewhat controversial, and I'm not saying that this had board approval. I'm speaking as more of a public member on the board at this time when I mention that.

Unredeemed deposits, I think, in fact are being used in a positive way but could be enhanced to encourage greater stewardship and recycling.

Keep Alberta as a world-class leader in beverage recycling. You know, people talk about Europe. You can go to Britain: they don't have this recycling. If you're drinking water – I didn't know Telus sold water – out of a Telus bottle, this is just thrown away in Britain. It's not recycled. They don't have a depot system. We have a strong depot system, and the opportunity there is to in fact improve. So Alberta, when they established this whole program – and I believe Mr. Lund was involved with this – was one of the first ones in the country and certainly in the world.

Summary. We have a great system, and with your help we can make it better. We think you should strengthen the BCMB to ensure that we have this level playing field for all stakeholders. You should look at harmonizing deposit rates. I'm not suggesting what you should do because you are the politicians, and being a former mayor and councillor for 12 years, I know that you get advice and then you'll decide, and we'll accept that.

I think we need to strengthen BCMB's oversight of the collection system agents, including unredeemed deposits, remembering how much money that there is there. All of the stakeholders of the BCMB and collection agents should jointly determine how unredeemed deposits are spent in promoting recycling and reducing costs to consumers. Why we're saying that: that is consumer money, and to me the money that you pay for the deposits is almost like a tax. It would depend on where you're coming from. That comment wouldn't get support from the board. Some would say that it's just a levy. But, in fact, it costs the consumers, so we have to, I think, make sure we have that kind of transparency there.

That is the end. Thank you.

**The Chair:** Thank you very much for the presentation. Would you happen to have a hard copy of that available for the members?

**Mr. Risvold:** We will be providing hard copies.

**The Chair:** Thank you very much.

**Mr. Risvold:** We were going over this 10 minutes before we walked on.

**The Chair:** Great. A good presentation.

**Mr. Risvold:** Thanks.

**The Chair:** I'll now open it up. Mr. Lund.

**Mr. Lund:** Thank you, and thank you very much for that overview. It was a very excellent presentation and certainly will provide some more feed for our discussion as we decide what it is we're going to do. I'll have a whole series of questions, but I'll just ask one to start with. The 65,000 different containers: what percentage of those have a deposit that is supposed to be refundable?

**Mr. Risvold:** All of them.

**Mr. Lund:** They all do? So the little sniffer one there and whatever that other one was have each got a nickel on them?

**Mr. Risvold:** Oh, the sniffer.

**Mr. Lund:** Well, any of those.

**Mr. Risvold:** Okay. Yes.

**Mr. Lund:** It's a nickel. I'm not familiar with them, so I've got no idea what the content is.

**Mr. Risvold:** I wasn't either until I joined the board. I mean, it blew my mind.

**Mr. Lund:** I have no idea what the value of the contents is.

**Mr. Risvold:** Well, this here is a vodka and lemon mix.

**Mr. Lund:** Have you any idea what it sells for?

**Mr. Risvold:** I have no idea.

**Mr. Lund:** The reason I'm asking: you mentioned about having a uniform rate for containers. I suppose we're talking about up to a certain size because there are some that are currently 20 cents.

**Mr. Risvold:** I'm talking more of the pop and beer, not all of these. We couldn't have them for all of these. I mean, these are so unusual.

**Mr. Hinman:** Are those actually registered here?

**Mr. Risvold:** Yes. They have to be registered or they can't be sold. One of our staff, in fact, today is out doing inspections.

9:40

**Mr. Lund:** I realize that with the cans, the beer and the soft drink cans, there's a volume that, I suspect, is very high, and it creates a sorting problem at the depot. But you're also going to have the sorting problem with all those others.

**Mr. Risvold:** Right.

**Mr. Lund:** I don't know if you care to make a suggestion or whether it's fair to even ask you if you think that we should go with a standard, including those little ones.

**Mr. Risvold:** I'm giving a personal opinion, but it also is an opinion of Merlin Plastics, who receive containers from ABCRC, one of our collection agents. They receive these plastics, and they all have different types of polymers within those, so they have to be sorted because they will go to different recycling products after. It would make it far, far more efficient if, in fact, there were far fewer – I think it would be impossible – types of containers but especially in what they're made out of. I mean, they're made of so many different things that it makes it extremely difficult for Merlin Plastics because they have to have different streams depending on the plastic polymers. The whole kind of makeup of the containers should be considered, from my point of view and from one of our major producers of recyclables.

**Mr. Lund:** I guess one final comment on this, Mr. Chairman, if I may. I would suggest that it would be extremely difficult to ever think that the bottle depots are going to sort based on the type of plastic that they're handling. I think that the recyclers of the plastic would be a much better place for that sorting to occur than at the bottle depot. I think there's just going to be a whole bunch of contamination if you just do it at the bottle depot.

**Mr. Risvold:** That is one of the concerns with the two right now. Beer says that we don't want to contaminate, contamination just meaning that we don't want pop bottles with the beer.

**Mr. Lund:** Because of the difference in the deposit?

**Mr. Risvold:** Yeah.

**The Chair:** Mr. Eggen.

**Mr. Eggen:** Thanks. Thanks so much for your presentation. It was very helpful. One of the challenges and perhaps, ergo, recommendations that you are putting forward here this morning is in regard to

the board composition and function, governance of the board. I just would seek clarification as to how the voting moves forward on the board. I've heard word that there's a consensus system and, thus, the potential for a veto to be used when making decisions on the board. I guess I have two questions or two parts to it, then. If I could just get clarification on how decisions are brought forward and voted on in the board and then if you had any recommendations as to how we might reform the composition of the board.

**Mr. Risvold:** Okay. First of all, thanks for the question. The issue of consensus is extremely important. We need consensus for one decision only, and that's handling commissions. That's where we've run into some problems. That is the only time that we need consensus. You're right: there is a veto power. It's like the Security Council of the UN. One country can veto something, and this is the same, but I want to ensure that you understand that it's only the handling commission. That's the only part of the board decisions that requires that.

Dealing with the board and after being there, I'm going to suggest that the strength actually – it's a challenge in that you do have various interests on the board. But I'm going to suggest strongly that that type of board is important because we get honest, very candid discussions going on from people who are involved with the industry and have a balance, I think, with some of the public members and NGOs. It's challenging because you have different, diverse views, the same as you have in the Legislature different points of view, but it's also, I think, extremely important. I know that Lorne Taylor used to always say that productive dissension is positive. That's what happens there, but I think we come up with very good decisions in the end.

**Ms Calahasen:** Who's Lorne Taylor?

**Mr. Risvold:** I'm sorry. He comes from Grouard, Slave Lake.

I would strongly suggest that the make-up of the board stay as a stakeholder board.

**Mr. Eggen:** Thanks. I appreciate that.

**The Chair:** Ms Calahasen.

**Ms Calahasen:** Thank you. Speaking of coming from Grouard, Slave Lake.

**Mr. Risvold:** That's why I said that.

**Ms Calahasen:** Yes. I know.

First of all, I want to thank you for the information that you've provided. You've highlighted a lot of areas that I think really bring to light a number of answers and then a number of questions. I have a few questions.

You talked about that there is an unredeemed area that you said is not subject to full transparency. I'd like to know how we can make sure that it is subject to full transparency.

The second issue is that you talked about the return rates decreasing. My question to you, then, is: why is it that the return rates are decreasing, yet we don't have enough bottle depots? In your view do we need to have more bottle depots, and how can we do that so that it is more accessible for the people of the province of Alberta?

**Mr. Risvold:** Okay. First of all, dealing with the unredeemed rates, it would be my opinion that if we had more oversight of it through the BCMB – and the reason I'm saying that is you have all stake-

holders involved there rather than manufacturers. So that would be our suggestion there: stronger oversight for the BCMB I think is required.

Return rates decreasing. We have put a return rate committee together to look at why are they decreasing. I'm going to again be very candid. During the meeting some people will say: well, we've got to make sure that we do research on this and research on that. My position is that the politicians see that return rates are decreasing, and that's how they're measuring it. Some people don't want to measure it that way. To me it doesn't matter because that's how you people are looking at it, so I'm kind of sensitive to where you're at now.

One of the reasons is convenience – and you bring it up – of bottle depots. Some places we have more depots. Actually – correct me, John, if I'm wrong – on a per capita basis, Edmonton has more depots than Calgary.

**Mr. Bachinski:** Correct.

**Mr. Risvold:** Yet Edmonton doesn't have as good a return rate as Calgary. The depot people, to their credit, have said: maybe we need more access points at the depots. All that means is more windows. When people come in, if there are too few windows, it still is not convenient. That's one of the areas we're looking at.

I had mentioned earlier, working with ourselves and the depots in Edmonton, that a letter went out to all the depots about: we have to get these return rates up. If not, there probably will be some consequences, meaning competition coming in. It is like a utility where you are given a certain area, certain population, certain geographic area. From my understanding – and John has been at the meetings with these people – the Edmonton depots are being very positive toward this approach, and saying: how can we improve? So that's one area. When we say a shortage of depots, sometimes it may just mean access points within the depots.

The other areas where we have trouble with depots are municipal planning and regulations, where they won't allow depots to go into many new areas. We have a lot of residential development in the province, as you're well aware, but there are not the zoning bylaws to allow depots to go in to make it more convenient for the consumers. That is one of the major problems.

9:50

I have to say that the ABCRC has a program called community champions, though, where they're trying to work with not-for-profit groups throughout the province, where people will just give them their containers, and then that not-for-profit group – it might be the Boys and Girls Club, SPCA, or whatever – can then take it to the depot and wait. It's, I think, an excellent program. We need more programs like that.

**Ms Calahasen:** Mr. Chair, I have a following question on the first question and then a following question on the second question. I'll go to the second question first. What you're saying, then, is that the return rates are decreasing. Despite the fact Edmonton has more depots, it has decreased, and Calgary has less depots, and it has not decreased.

**Mr. Risvold:** I'm not saying Calgary hasn't decreased.

**Ms Calahasen:** There's just a difference?

**Mr. Risvold:** There is a difference on the return rates between the two places.

The other thing on the return rates – and we’re having discussions with Alberta Environment in that containers are being sold up here, and then they have wait times on the shelf. As soon as they’re gone, that’s sold. They’re on the shelves; then people take them home. Because we were selling so much more in Alberta, there was this lag time. Statistically it needs some tweaking. I would suggest that it’s almost 3 per cent.

**Mr. Bachinski:** Sales are around 12 per cent, and returns are increasing, around 7, so it would be a 5 per cent difference.

**Mr. Risvold:** There is that lag time, so some of the stats aren’t quite right. We think they should be improved. I mean, you can make stats look like what you want, but there are issues there.

I’m going to get back to the depots. Working with the depots, the association understands that you have to make it more convenient, and they are working with us on that.

**Ms Calahasen:** Speaking of convenience, then, do you support the idea that there should be more depots established in certain areas to be able to address that or just access points?

**Mr. Risvold:** It would vary. I think I’m going to take it from the point of view of if I was a depot owner. When I first went on, I said: “Let’s just open it up. Never mind.” All right? That was my attitude. But many people invested a lot of money on buildings, infrastructure within the buildings and that, because they were of the understanding that this was going to be their geographic area and population that they could draw upon. To me that has to be honoured as much as possible. But we’re saying that if they don’t get the return rates up – we don’t want them to be complacent, and access points may be one of them – there may be an opportunity for another depot to come in there. Just to open it up entirely I think would be unfair to the depots, especially those that are doing a good job and that because, you know, it’s kind of like grandfathering what they thought they were going in and getting when they opened up the depot. I don’t know; you’re looking like I’m not clear.

**Ms Calahasen:** Well, that begs for further question, but I’ll go to the first question.

**Mr. Risvold:** John, do you want to comment?

**Mr. Bachinski:** I’ll make a comment on that. We’ve had a number of invitations for new depots in certain areas, and we’re not getting very many applicants. It’s not as though there’s a big lineup of people wanting to be depot owners.

For example, in Calgary we have three openings. We’re inviting new owners in Calgary. Fort McMurray: we looked for an additional depot operator in Fort McMurray. We got no applications. We have opened three new depots in Alberta this year so far, but we lost two due to zoning problems. In Calgary A.P. Bottle Depot lost their space, and they were forced out. I think you heard from the one depot owner in Beddington the challenges they have with zoning. In downtown Edmonton we’ve got a really good depot. He can’t expand. He’s got a limit now on his space because it’s been rezoned for the future. Therefore, his depot is now fixed at the size it’s at. There are challenges like that.

**Ms Calahasen:** Thank you.

**Mr. Risvold:** It’s ironic that Edmonton will allow a 1,200- or 1,300-

seat bar to go in on Jasper Avenue, but they won’t let someone within the recycling area expand.

**Ms Calahasen:** There’s an election coming.

**Mr. Risvold:** Monday.

**Ms Calahasen:** Anyway, the question I do have on the first one is: in order for full transparency to occur, you said that if you had more oversight, you would be able to do that. Can you tell me how you would be able to do that and what you would do in order to get that oversight and to be able to look at full transparency?

**Mr. Risvold:** Well, I think I’m going to put it back to you on: how does the government ensure transparency within your organizations? We could bring in some regulations along those ways. Right now the unredeemed deposits are with the two agents. Personally, I don’t know how the money is spent. Yet we’re, you know, the BCMB. We have these other people that we have a kind of an oversight, but we don’t have representation on either of those groups. I think one of the things would be to have representation on both of the collection agents, meaning not a public member like myself but our managing director, John in this case, or whoever it may be. There’s a lot of money there that I think that we have to tighten up the oversight on.

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

**Mr. Risvold:** I’m not suggesting it’s being misspent, but it’s still important to have oversight on large amounts of consumer money.

**The Chair:** Just a moment, if you could, Paul. Mr. Miller, do you wish to be added onto the list?

**Mr. R. Miller:** Yes, please, Mr. Chairman.

**Mr. Hinman:** Thank you, Mr. Chairman. Thank you very much for the presentation. It was informative, and I know that you were put under short time frames to get it together. I’ve got quite a few questions, but I’ll just start with a few. You use the word “strengthen” the BCMB board. To me that’s: give us more power. Power in the hands can be used wisely or against the system, but you talk about all of these different areas. Having more power, what would you actually do to correct the problems that you are facing?

The second question along with that, I guess, is that you talked about just opening it up. You now say that you’ll open it up if they don’t reach a certain percentage. What is that percentage? Then, how would you open it up if it’s not reached? Like, are you going to make it public and say: if we don’t meet – was it B.C.’s? Which one was it that had the 85 per cent return?

**Mr. Risvold:** Saskatchewan.

**Mr. Hinman:** Saskatchewan. When would you open it up?

**Mr. Risvold:** Okay. First of all, I want to make sure under the challenges and more the strengthening of the BCMB’s role that I am not saying and I don’t know of any misappropriation of monies or anything like that. I want to be clear that there’s not an accusation in any way, shape, or form. But as a public member I think there needs to be stronger oversight of unredeemed deposits.

How it could be is that when you look at unredeemed deposits – I’m going to give you options that I won’t necessarily agree with.

Some people have said that unredeemed deposits should go to the BCMB, and then as the collection agents think that they should need that for various parts of their programs, very beneficial programs like the community champion programs and things like that, then it would be approved. But it's approved, again, by a multistakeholder board that includes a lot of different interests and people involved within the system. That's, again, one of the strengths of the board. When you have that and all those opinions, you certainly are going to have candid discussions on how the money should be spent. So that is one way of doing it.

**10:00**

Power. I'm afraid of power. I don't like power going into the hands of a few, so I share that there. But I can assure you that with the present stakeholders on the BCMB – and you saw the breakdown – there is strong representation from different sectors, which would then, kind of, ensure that you have it. I mean, the buck has to stop someplace. If we look at our org chart, it's the BCMB; you have the depots and the two collection agents. Well, is the BCMB a rubber stamp, or in fact should we, because we have this level playing field, have more oversight?

Opening up to the public. We're saying that we have to get, and we haven't given, a firm number with these depots. That will be coming. I mean, we have to work with them. You're not going to jump from the high 60s up to 85 suddenly. If you look at Saskatchewan, what I'm going to say now, again, is important to note: this would not get unanimous agreement within the board, but Saskatchewan has higher deposit rates than Alberta. Some people would suggest that that's the main reason why they have higher return rates, that it's because of the deposit rates. If you look at what's different between one organization and another one or one province and another one, you look at what's different.

**Mr. Hinman:** How many deposit places do they have in Saskatchewan, though?

**Mr. Risvold:** I have to turn to the managing director.

**Mr. Bachinski:** I'm not sure. It's less than a hundred, but, of course, the population is a lot smaller.

**Mr. Risvold:** We have a lot of locations here, so this is just going to others. But I know that some people on our board would support higher deposit rates; other people on our board would not. I just want to make you aware of that. I'm not representing a board motion when I give you this opinion.

**Mr. Hinman:** I guess, going back to opening it up again. You know, yes, we've given, basically, a monopoly or a franchise to the bottle depots. What do you see as new areas are expanded? It's almost outside an area. What are the downfall or the problems that you would see in actually opening it up and saying, "You know what? If you bring the bottles," and like I say, whether it's to Calgary to the ABCRC or whatever, "when you get them there, you can get the handling fee," and then, basically, opening it up to allow organizations to handle them and return them and get them back to where we want them? Have it open: what would be the downfall? You've talked about, you know, protecting the franchises. Other than that, what problems do you see with allowing open competition?

**Mr. Risvold:** Okay. I understand where you're going or what you are saying. I'm saying not necessarily protecting the franchises; I'm

saying honouring agreements and how they got within the system when we started out with this whole recycling issue. It's a matter to me of saying that if people have put in money, investment, staff, are we going to honour that but work with them, saying, "You can't be complacent or there will be consequences"? I don't know what all the consequences would be right now, but one of them certainly is to open another depot.

The depots would say that if we went straight to ABCRC, then there's a lot of cherry-picking going on. We have our overhead over here, but suddenly we get another group that's going to go straight down to one of the collection agents. Then as a cost to us, because we're built up and we have the infrastructure for so many containers, suddenly some are cherry-picked and gone someplace else. That would have to be a discussion that you people have, but I would strongly suggest that you look at: are we going to try to honour the system we have and improve on it, as we always should, or blow it up, which would then probably have less depots, not more, going straight to the collection agents?

But if we want to blow it up, when we have the high price of cans, why do I have to go to one of the collection agents if I'm a public person out there? Why can't I just say: "Here's your deposit" – I can blow it up completely; I don't have to go to a collection agent – "I only want aluminum cans. I get deposit money back from the manufacturer still" – I mean, why only two? – "and let me take it straight down to Florida. Because aluminum is high, there's a lot of revenue right now on the recycling and selling of these aluminum products. So if you're going to blow it up, let's look at blowing up the whole system and not only having two collection agents.

**Mr. Hinman:** Well, I think there's a difference between blowing something up and opening it up. I agree with you that you have to respect the agreements that we've made. That's why I asked you initially, you know: what level of achievement do we want to achieve or believe is achievable before we open it up? In areas where they're not making that, I mean, we can talk about it, and I agree that we need a time frame, you know, whether it's six months or 18 months. I respect the people in the business looking at those things. But if we're not achieving it, what are we actually going to do? When is it, you know: "You haven't reached 78 per cent. You haven't reached 85 per cent. You've had a year to do it. We're now going to open it up in this area"? To me, if we don't have a number or a goal, we can talk till . . .

**Mr. Risvold:** Absolutely. I agree with you totally. We're not only even looking at return rates. We're looking at things, and we don't have those numbers yet because we're working with Edmonton as the pilot, saying: we want to reduce wait times because of convenience and things like that. We're looking at several factors, criteria that we will be giving to the depots with this pilot project to move ahead. It isn't going to be two years, three years. It's not going to be like that at all. But we recognize the issue, and we're working towards it but not only based on return rates. There are other things that we have to look at also so that people want to go to the depots.

John, do you want to comment?

**Mr. Bachinski:** Yeah. I was just going to mention that in our discussions with the Edmonton bottle depots we've posed that challenge to them. We agree. The ministry and BCMB, we have agreed that we would like to achieve a target of an 85 per cent return rate. We've approached the depots saying, "You're part of the solution," and they've responded agreeing to that. If they can't improve their operations, then we've asked them to look at: we'll add more depots to the area. That's been discussed.

As well, the consumer can go to different depots. We have different styles of depots. We find that some people like one style of depot or another, and they'll travel to different places just because they prefer that depot over another. So you do have a choice.

**Mr. Risvold:** I understand where you're coming from. Maybe from your committee's point of view you could send to us when you finish: we expect you to have these criteria and how it's going to be enforced back to us by a certain period of time. I think that's totally fair.

**Mr. Hinman:** Just a simple last question. Do you know the difference in wait times at the depots between Calgary and Edmonton on average?

**Mr. Risvold:** I don't.

**Mr. Bachinski:** I wouldn't have that number. I would think they're very close, but I don't have those numbers.

**Mr. Hinman:** I'll let some other people ask some questions because I've got too many here.

**Mr. Risvold:** I just wanted to ensure, though, that if we're going to open up the depots, then we should be looking at also opening up collection agents.

**The Chair:** Mr. Miller.

**Mr. R. Miller:** Thank you very much, Mr. Chairman. Thank you, Mr. Risvold and Mr. Bachinski, for your presentation. Even from afar it was quite informative. I would like to continue a little bit on the issue of transparency and accountability. I'm particularly interested in the Alberta Beer Container Corporation, not just the issue of the unredeemed deposits but the corporation in general. I'm curious to know from the chairman's point of view, Mr. Risvold, whether or not you feel that the Alberta Beer Container Corporation is providing an adequate level of transparency and accountability to not only the BCMB but to the people of the province of Alberta.

10:10

**Mr. Risvold:** Okay. Dealing with the ABCC, I'm not going to go to one collection agent. I have to be very careful here; I don't want to end up in court.

**Mr. R. Miller:** I didn't mean to put you on the spot, but this has been an issue throughout the mandate of this committee.

**Mr. Risvold:** Right. Let me put it this way. I think that if we strengthen the transparency and strengthen the oversight of the BCMB, each of those collection agents would be treated the very same. If we get stonewalling from one, then I think that we have to have opportunity for consequences the same as we do with depots. Right now we have a uniform code of accounts. They have to give us what is occurring with them, et cetera, once a year. We had some depots not doing so, but there wasn't really a serious consequence. We bring in a \$200-a-day consequence, and suddenly things start to occur very quickly. These are very important and have the support of the depot association so that we can retain a high quality of depots throughout the province. I'm going to say that if you strengthened it in the accountability, both would be treated the same.

**Mr. R. Miller:** Then if I could just follow up, your answer would

seem to indicate that under the current regulation the two collection agents are not in fact treated the same. I'm wondering if you could expand upon that a little bit for the sake of the committee.

**Mr. Risvold:** I didn't know I had implied that through my statement. I think somebody was talking with you.

**Mr. R. Miller:** No. You just said it twice, actually, that if the BCMB were strengthened, then both collections agencies would be able to be treated the same. That implies to me, at least, that under the current regulation you don't have the power to treat them the same.

**Mr. Risvold:** Okay. You would be correct on that. We have the power. We treat them the same. There probably is a difference, from what I understand from people who have been associated with this for much longer than me, that we get very good co-operation with many things with ABCRC and it is a little more difficult with ABCC.

John, do you want to comment?

**Mr. Bachinski:** I think that's fair enough to say. Leave it there.

**Mr. Risvold:** That's fair enough. I think I've answered your question.

**Mr. R. Miller:** I appreciate that. Mr. Chairman, I have another set of questions, or you can put me back on the list, whichever is easier for you.

**The Chair:** Okay. I'll add you back on.

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

**The Chair:** Mr. Lund.

**Mr. Lund:** Thank you. I guess, having had a little experience in this, I never did envision that consensus would mean unanimity on any issue. When we looked at the composition of the board, the reason that we said consensus was because we knew that there were going to be a number of times that there would be a lot of difficulty reaching unanimity. Well, I think we'll have to fix that, however we do it.

I find this kind of interesting with the two collection agencies. I'm really wrestling in my mind: what is the function of two? I clearly understand what the two do, but I'm not sure in my own mind that we really need two. That would be more of a comment. I'm really not expecting you to comment further on that.

I guess the other thing that I'm wrestling with in my mind is the makeup of the BCM management board: what would be the hindrance to this board taking over the total function and not having the two collection agencies?

**Mr. Risvold:** Okay. First of all, I want to comment on the term "consensus." I, like you, dislike the term "consensus." As you are aware, I've been involved in a lot of policy advisory boards nationally and provincially, and I shudder every time someone says that we have to have consensus. Consensus is very difficult, and if you interpret consensus as being somebody getting a veto power, it's absolutely impossible. That has cost literally millions of dollars as a result. I can ask John, so that you're ready, to comment.

I believe the term "consensus" is actually in the BCMB's bylaws, but then it went to the courts, and a judge determined that consensus



meant veto. I'm not too sure if the issue lies with you on that term or if the issue lies with us. I'm also reluctant to get too much into it because we're right now dealing with this whole issue of handling commissions, and there are hearings going on, and a decision will be coming down. So we have to be careful. But I'm talking about the word "consensus." It's in our bylaws and then was interpreted by this judge to mean unanimous.

**Mr. Bachinski:** That's correct. It was Justice Bielby who made a decision on the handling commissions. The existing regulation talks in terms of a three-quarter per cent vote on a bylaw to pass. The regulation talks about that, but the specific BCMB bylaw says consensus on the handling commission only. So that's something that is causing some challenge.

**Mr. Risvold:** We are working towards trying to deal with that, but it is very sensitive, and you have big dollars available to work this through this system. I'm being very careful with what I'm saying.

Now, BCMB taking over the total operations, including the collection agents. You know, I once thought that at one time, but I think, actually, the collection agents do an excellent job as collection agents. We can have improvement, no problem. I mean, we have to look at improvements to make sure containers are flowing as they should flow, and as they tell the depots if a truck is supposed to be there to pick up containers, the depot shouldn't have to have the cost of storing them too long and that type of thing. They have the infrastructure and expertise and everything set up. I would be reluctant to say that we should take it all over as one operation. I would prefer to have a stronger oversight position.

**Mr. Lund:** Mr. Chairman, we've heard many times about the problem, particularly in the cities, with the zoning issue. I would challenge you that probably it would be within your mandate to meet with the cities and see if you can soften their position on this because I can't imagine why a bottle depot wouldn't fit into where there are malls, where there are strip malls. Why would that affect a food service? I don't understand it. I do understand that probably the rent on that land in those locations would be very high, and perhaps that could fit in with the rate that the bottle depots get for the commission. But there's got to be some way that we can get some kind of a collection that is convenient in these new areas. Edmonton-Calder: I don't believe there's a collection agency in that whole constituency. Well, it doesn't make a lot of sense to me that there would be a population large enough to have a constituency yet not have a bottle depot within that constituency.

10:20

**Mr. Risvold:** I'll comment on that. I think you're exactly right. We have MLA Graydon here, who was a former mayor of Grande Prairie and understands the bylaws, et cetera. This is thrown out as a reason why they can't go ahead, and I think you are absolutely right in that the BCMB should be meeting with cities and towns and saying: let's look at some kind of a storefront. They can do the initial sorting, and then it can be hauled away to someplace. I think that it should be more creative than what we have right now. Within our system I think that we should be looking at those creative ways and then meeting with these people.

Gordon, you might want to comment from your point of view, but as a former mayor I wouldn't have any problem with having a storefront return, and it doesn't have to take that much space, especially in your outlying areas. It doesn't have to be a big warehouse, but the opportunities should be there, and we should be working one-on-one with the cities because they're not going to

move into towns unless you kind of work one-on-one. Gordon, you have a lot of experience with that.

**Mr. Graydon:** Well, you're right. You should be working with the councils and their planning departments. You can make change. There's no question about that. The idea of having a storefront operation to me adds cost to the whole operation, and that would be a negative as far as I was concerned. Every time you handle the product, you're adding cost.

**Mr. Risvold:** That may be. The other point of view may be that I have a high, high cost for rent in some prime area, and maybe it would be far less if I could have my warehouse someplace else.

**The Chair:** Mr. Miller.

**Mr. R. Miller:** Thank you, Mr. Chairman. Mr. Risvold, I'm wondering if you would be willing to comment on the situation with the milk containers. In particular, I'm wondering whether or not you feel that the addition of milk containers to the deposit system would present any significant challenges to either the BCMB or to the collection system as a whole.

**Mr. Risvold:** Okay. Again, not discussed at BCMB. Being involved in former micropolitics at a municipal level, this is going to be a political decision, and therefore that's the importance of you people. Now, going to the question about: would it create problems? John can comment on this as well, but the depots, from what I understand, have said: no, not a problem. Merlin Plastics, who ABCRC sends their material to, would love to have more of this because it's a great plastic. It's consistent for making other products. So it would be a very positive move from Merlin Plastics' point of view. Technically it's not a problem; politically, that's your issue. I'm not trying to be harsh with that, but I'm just saying that it really is going to get down to being a very political decision. Technically there's not a problem.

**Mr. Bachinski:** Agreed. The container is highly desirable as a recyclable material. I know that it creates a lot of consumer confusion right now. If you look at the Praxis survey – you have a copy of that – 31 per cent of Albertans already think it's in the system. So when they take it to the depot owner, the depot owner is accused, then, of not giving them money they should be getting, and it causes problems there. It's a problem, but it's up to you what you want to decide on that.

**Mr. Risvold:** But, technically, it's not an issue from what I gather. In fact, it would be a positive.

**Mr. Bachinski:** No, the depots can handle it. They've indicated that.

**The Chair:** Are you done, Mr. Miller?

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

**The Chair:** Mr. Eggen.

**Mr. Eggen:** Thanks, Mr. Chair. I would like to just further pursue the question of the unredeemed deposit, the governance over that money. Again, I've known this since I've started sitting on this committee, but every time I see the numbers, I find it astounding. It's in the neighbourhood of \$30 million all told. You've mentioned

that certainly this could use a greater degree of oversight in terms of accounting. I think you're implying that your board should in fact have more direct control over that money. I'm interested in opinions about what we should use that money for specifically to increase the percentage of return here in the province of Alberta. To me there's a fundamental disincentive that's built into the current system to in fact increase those return rates because, of course, every bottle or can that's not returned increases that unredeemed deposit pool. Right? You know, there's some flaw of logic there built into it. Perhaps you could comment on that and/or other mechanisms by which we can not just oversee that money but spend it effectively to increase our return rates here in the province.

**Mr. Risvold:** Okay. First of all, I am going to deal with your second part, Mr. Eggen, if I can. Others have gathered the same conclusion as you have, that there is a flaw of logic where it's at right now. I'm going to go into how I think it would be used. Of course, when you have a multistakeholder board, if we look at it, the more the depots handle, the more they get, which means they can make more money. Therefore, I think they would have some excellent suggestions of how we can improve the return rate. Right now they don't have the say on how that money is spent and how it could be used to try to return it. We would then probably be able to look at far more best practices and again go to a multistakeholder committee. I think there is that interest to try to improve these rates. So with the multistakeholder level playing field a lot of that money would be spent directly in trying to improve return rates. There's no magic bullet. It's going to have to take a lot of different programs. ABCRC has, I think, some good programs right now.

Here's an example. On the return rate we were looking at maybe coming up with a study looking more at best practices and that type of thing. BCMB doesn't have the money in our revenue to do such a thing, so I said: okay; well, let's increase the levy. But let's go back to the graph. The levy comes from 50 per cent from the collection agents, 50 per cent from the depots. For the depots it comes out of their pocket. One of the depot representatives on the board then said, "Oh, for one of our larger depots that could mean that increase," and it wasn't much. I mean, we take one-fifth of a 1 per cent levy. But they said that that could mean \$20,000 to some depots. That's a lot of money as a sudden expense. If you have those unredeemed deposits and more direction on where it should go, you would use the unredeemed deposits for that rather than it coming out of the pockets of the depots in that case.

**Mr. Eggen:** Thanks.

**The Chair:** Mr. Hinman.

**Mr. Hinman:** Thank you, Mr. Chairman. I guess I want to go back to the consensus going to veto power. Someone in this room, I'm sure, has the answer. Can we rewrite that bylaw? Is that within our mandate?

**Mr. Bachinski:** Or in the regulation.

**Mr. Risvold:** Or in the regulation, yes.

10:30

**Mr. Hinman:** Okay. That would be easy to overcome by just saying that there must be a majority vote instead of a consensus.

**Mr. Risvold:** Yeah. A majority or two-thirds or whatever you think would be appropriate.

**Mr. Hinman:** Excellent.

Then the next question is: is there a registration fee for these 4,000 new containers a year? If so, how much is it? Does it need to be perhaps raised for some of these very unique and obscure containers? I don't know if we get 50 or 5,000 a year in the province.

**Mr. Risvold:** We get about 4,000 a year.

**Mr. Hinman:** No. I meant actual containers. I mean, for some of those ones you lifted up, I don't imagine there are a lot sold.

**Mr. Risvold:** Yeah. Each one has to be registered. We do charge a registration fee for each one. We moved to a higher registration fee, so we are now at, supposedly, cost recovery on those registration fees. Before, it in fact was costing us money. We have the higher fees now. I suggested: well, let's raise them much higher so that a company would really think, "Is it worth paying a much higher registration fee to come up with oddball containers?" Also, as John just pointed out, it is only a one-time fee. If they're going to come up with containers like that, maybe higher. We do have a problem in that you cannot charge a fee which is exorbitant over and above the actual cost of the service given. A court decision. I was reminded of that, so I withdrew my comment at that point in time. Not withdrew it, but I recognized the problem with it. I thought we should raise them much higher, but we can't. I appreciate the question, though.

**Mr. Hinman:** If you say that you're looking for three new depots in Calgary and one in Fort McMurray, what's the cost for registration of a depot? Is that done on a per capita basis, or is it mileage? How do you decide? Like, why does Edmonton-Calder not have one? I'll let you answer that.

**Mr. Bachinski:** Okay. I'll answer those questions. There is a board policy that depots in the Edmonton and Calgary areas have to be three kilometres apart and that there must be a population of 40,000 to serve. So you take the total number of depots divided by the population, and that'll tell you how many depots Edmonton should have. Now, the board could review that. It has been reviewed in the past. I know that when we add depots, it's always a challenge to a smaller centre. For example, Grande Prairie: when we added the second depot, the population warranted it, but the existing bottle depot wasn't all that excited about the new depot coming in, so that causes new problems.

Another thing I should mention is that there's been quite a bit of discussion about the retail outlet idea. There was a very good application last year. The brewers referred to it in their presentation, about the BCMB turning down this application. That's not quite the way it happened. The location was great. It was in an older retail area. We received petitions from the local community: schools, churches, daycares. Nobody wants a bottle depot in their backyard. You heard the same thing from the city of Calgary when the fellow was speaking to you. There was a great suggestion about turning all their old waste management centres into depots. I think his answer was: hold on there. You know, he didn't want that to happen.

There's quite a bit of struggle with zoning. We often write letters. We've contacted the city of Calgary. We work with the cities. We try to influence them as to zoning to open things up. I just signed a letter yesterday trying to encourage an area to allow a depot to be set up. It's kind of dependent on the neighbourhood. Everybody supports recycling but not in my backyard.

**Mr. Risvold:** I'm going to go back to the suggestion which deals

with this that Mr. Lund brought up; that is, that sometimes we're going to have to meet one-on-one. With the city of Calgary, if he's elected again, Mr. Hawkesworth would be a person that I would meet with in that he's been there a long time, is concerned about the environment, and have him be the champion of trying to change some of the zoning. Rather than us dealing with an administration, if the politician comes in and says, "I think we should be looking seriously at this, and I want to see some alternatives provided," it would be far better. We would pick out, I think, councillors or mayors, depending on the community, so that we're talking to the appropriate people. I think we have to do more of that one-on-one where there are issues.

**Mr. Hinman:** When you are a registered depot, is there a time frame? A 10-year registration or permanent . . .

**Mr. Bachinski:** Sorry. I should have answered your other question as well. The cost is \$500 to apply for a depot licence, and then it's \$600 if your application is accepted. Once you have a depot licence, it's good for five years. The renewal cost is \$500 for five years, which is \$100 a year.

**Mr. Risvold:** You can get the renewal, but we sometimes don't have the renewal for the same length of time because there may be some issues.

**Mr. Hinman:** Then if I could just ask one last question on franchise fees. If we were going to open it up – and again, like I say, I understand the time frame and everything else. That's why I asked how long it's for. If you were to say, "Well, you're getting this licence, but in five years' time we are going to no longer have a monopoly or a closed system" – is it a possibility to say, "Here's a time frame" and make it long enough, five years down the road or something, so they know that's coming? Then their service and their quality, whatever, would have to be open and competitive after a fair length of time.

**Mr. Risvold:** I'm suggesting that five years would be too long. Even if they have that licence, I think we could work with the depots so that if they don't satisfy the criteria, measurable criteria, that have been set out and agreed upon with the stakeholders, then we could open it up in less than that period of time. Five years, in my opinion, is too long, and in talking and working with representatives from the depots on our board, my feeling is that they agree with that.

**Mr. Hinman:** Thank you.

**The Chair:** Thank you.

I know that we've gone a little bit over the time, but if I could have the discretion of the members, I have a couple of questions I'd like to pose to the gentlemen, if possible. If I'm waiting for consensus, I'll just go ahead.

**Mr. Risvold:** There is veto power.

**The Chair:** We did hear from a few presenters in regard to rural depots being at a disadvantage, possibly, in terms of being able to get the number of returnables to make it a profitable entity to operate a depot, and there were suggestions that there should be a grant of sorts, a minimum operating grant, established for rural depots, let's say, in areas where the numbers are small. I'd like to hear your comments on that.

The other question I have is in regard to the one-fifth of a cent

levy that's being imposed. Basically, that's to raise funds so that your board can operate. If the decision or recommendation from this committee would go forward – and I say "if"; I don't want it to read in the papers that it's fact coming from the chair. If the unredeemed deposits were transferred over to the management of the board, then there would be no need in terms of having this levy imposed either on the beer manufacturers or on the depot operators, but possibly in the regulation there could be a set amount of operational dollars set up for the board. Just comment on that, please.

**Mr. Risvold:** Okay. Is it possible? Yes – dealing with your second question – and maybe that's one of the ways to have the operation of the BCMB.

Dealing with the grants, I have to ask John: is this in discussion with the handling commission review right now?

**Mr. Bachinski:** Yes.

**Mr. Risvold:** Okay. So we can't comment? Can we comment on that?

He has worked in the courts until just recently, not going to court and then someplace else but within the court system.

I just want to say: is it a grant? I don't want to see provincial government money going in. First of all, clarifying that, I wouldn't think that that would be appropriate.

**10:40**

**The Chair:** No. I'm thinking that you may have the opportunity of using unredeemed deposits in terms of being able to manage those types of opportunities. I guess I'm concerned that you're unable to answer some of the questions because of the fact of being before the courts, but we as a committee have got to be able to come up with some kind of recommendation. How do we sit as it pertains to this issue being in the courts?

**Mr. Risvold:** Okay. Oh, we're in *Hansard*.

**The Chair:** That's fine. We'll figure it out.

**Mr. Bachinski:** If I could, technically I'll just make a few comments on the levy. I know the depots. They take a strong position on the fact that they're an equal partner on this. When we look at the 50-50 split, I know I made the suggestion one time in discussion with the depots about the fact that the manufacturers actually sell more containers than come back, so perhaps they could pay a higher levy on what they sell. They were very clear, and they really liked the equal partnership, the fact that they pay 50 per cent, as do the manufacturers. That was an important distinction for them. I think you could go to another way of funding. I just don't want to lose the value that the depots feel in ownership and contribution into this.

**The Chair:** Yet they pay for half of it as a minority partner in that partnership. I have difficulty in comprehending what advantage it gives them to be funding half of the operation of the board when they're still a minority as a voting power.

**Mr. Bachinski:** You may be right. It's something that hasn't been discussed with them. That's all I'm saying.

**Mr. Risvold:** I believe the discussion went around on the levy. Your question was: rather than having that levy, could unredeemed deposits be used for that? Technically, yes.

**The Chair:** Thank you.

That ends our questions. I thank you for the opportunity of us grilling you guys for about an hour and 40 minutes. Once again, thank you very much for coming. I think it provided a lot of insight for a lot of questions that remain unanswered for the committee as we go forward in making our recommendations. Once again, thank you very much for your time and your presentation today.

**Mr. Risvold:** Thank you very much, Mr. Chairman. We do appreciate coming here. I want to mention that we didn't put in a submission at the start – that was because of this multistakeholder board and that – but we hope we've clarified some things. That was one of our main purposes. Thank you very much for the invitation.

Mr. Miller, thank you very much.

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

**Mr. Risvold:** Oh, he's still here. Thank you.

**The Chair:** Thank you.

If I could, I'd like to give you guys about a 10-minute break.

[The committee adjourned from 10:43 a.m. to 10:54 a.m.]

**The Chair:** Thank you very much. At this time I'd like to reconvene the meeting.

The next item that we had on our agenda was to go into the focus issues.

**Mr. Graydon:** In light of some of the really sensitive issues that we need to talk about – and there's mention of court cases, et cetera, et cetera – I think we need to go in camera to have some of this debate, and I would move that we do that at this time.

**The Chair:** We have a motion to go in camera. Those in favour? It's carried. I'd ask that the research staff and the leg. offices staff please remain in the room.

[The committee met in camera from 10:56 a.m. to 12:12 p.m.]

**The Chair:** Basically, then, we'll direct the staff to come forward with a draft final report for the committee, at which time we will review those, coming up at our next meeting, which has been scheduled for 1 p.m. on October 29. That'll be the date of our next meeting.

Is there any other business?

Seeing none, I would entertain a motion for adjournment. Mr. Oberle. In favour of the motion to adjourn? Carried. Thank you.

[The committee adjourned at 12:13 p.m.]