

Newfoundland's Beverage Container Program

The recovery challenge

by Clarissa Morawski

In early 1997, the Newfoundland and Labrador Department of Environment and Labour launched the "Beverage Recycling Program" under the *Waste Management Control Act*. The province-wide program covers all ready-to-drink beverage containers excluding milk, nutritional supplements, refillables and containers larger than 5 litres in size. The province set target recovery rates of 50 per cent in 1997, 60 per cent in 1998, 70 per cent in 1999 and 80 per cent in 2000.

The program is based on the "half-back" model common to the Atlantic Provinces. Consumers pay a deposit of 20 cents on alcohol containers and 6 cents on all non-alcohol containers;

they receive refunds of 10 and 3 cents respectively.

Containers are returned to 37 province-wide "Green Depots" or over 50 satellite depots and sub-depots, which are set up in more remote areas and operate out of schools, small retail outlets and other community businesses.

Multi-Materials Stewardship Board (MMSB) is appointed by the Minister of the Department of Environment and Labour and is responsible for the pro-

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gram. Members of the board represent industry, consumer stakeholder organizations and the provincial government. The board's mandate is to develop, implement and (where appropriate) manage a variety of waste diversion strategies in Newfoundland and Labrador. The board is financially self-sustaining, with an annual budget of \$300,000.

Similar to New Brunswick, Alberta and British Columbia's beverage container recovery programs, operations are undertaken by brand owners. The MMSB has contracted the operation of all day-to-day activities of the program to Newfoundland Beverage Recovery Inc. (NewBRI). NewBRI is a non-profit consortium of beverage brand owners

that manages Green Depots, refunds and handling fees. They also oversee the collection, processing and marketing of the materials. Any decisions that NewBRI makes must go to the MMSB board for review and approval.

Green Depots are privately run businesses that receive revenues of 2.75 cents per container handled. NewBRI is responsible for collecting containers from the depots and shipping them to about four material recovery facilities where they are processed and shipped to market. In 1998 NewBRI recovered 86-million containers, about 52 per cent of the regulated containers sold in the province.

Beer

Refillable beer bottles are exempt from the beverage recycling program and are managed by the beer industry. They carry a 10-cent deposit and a 10-cent refund. Close to 93 per cent of all beer consumption in the province is from industry standard refillable bottles sold through more than 1,600 "off-premise" retail outlets (including convenience stores and liquor stores) and about 1,200 "onsite" restaurants, clubs and bars. Beer distributors collect empties when they deliver new product and then back-haul them to centralized distribution facilities for washing and refilling. The beer container recovery program achieves a 96 per cent recovery rate.

Newfoundland & Labrador's Beverage Container Recovery Program Revenues & Expenses

Revenues		Notes
Unredeemed deposits on alcohol containers	\$3,360,000	It's estimated that 20% of all recovered containers are alcohol containers bearing a deposit of 20 cents. Forty-eight per cent of all containers are unrecovered. (84,000,000 unrecovered containers * 20% * 20 cents = \$3,360,000)
Unredeemed deposits on non-alcohol containers	\$4,032,000	It's estimated that 80% of all recovered containers are non-alcohol containers bearing a deposit of 6 cents. Forty-eight per cent of all containers are unrecovered. (84,000,000 unrecovered containers * 80% * 6 cents = \$4,032,000)
Half-backs on alcohol containers	\$1,720,000	Based on a recovery rate of 52%. (86,000,000 recovered containers * 20% * 10-cent half-back = \$1,720,000)
Half-backs on non-alcohol containers	\$2,064,000	Based on a recovery rate of 52%. (86,000,000 recovered containers * 80% * 3-cent half-back = \$2,064,000)
Material Revenues	n/a	
Total	n/a	
Expenses		
Handling fees	\$2,365,000	Based on handling fees of 2.75 cents/container. (86,000,000 * 2.75 cents = \$2,365,000)
Transportation, Processing, Administration and Other Expenses	n/a	
PROFIT	n/a	
Net system cost per container recovered	n/a	

Costs

Due to proprietary issues, the gross and net costs of the program were unavailable for this analysis. However, based on a 1998 recovery rate of 52 per cent, revenues from unredeemed deposits and half-backs came to approximately \$11-million of which about \$2.3-million was paid out to depot operators in handling fees (*see chart*).

While material revenues and expenses for processing, transportation and administration have not been provided, the program does generate a revenue surplus. About \$3-million of the surplus to date was placed in the province's "Waste Management Trust Fund" which is used primarily for closure and establishment of new landfills and some waste diversion initiatives. Other surplus funds are used for marketing, promotion and the operations of the MMSB.

The recovery challenge

Newfoundland's program was launched

around the same time as that of Nova Scotia and more than one year before British Columbia's program, but its 52 per cent recovery rate lags far behind these provinces (about 76 per cent for N.S. and about 77 per cent for B.C.). The primary difference is in the level of the deposit, which for 80 per cent of beverages is 6 cents with a 3-cent refund. Increasing the deposits and refunds to levels consistent with other Atlantic Provinces (i.e., a 10-cent deposit and a 5-cent refund) would probably boost recovery rates.

Setting the deposit level is critical in making the deposit an effective economic instrument for increasing recovery, and not a mechanism for generating government revenues. With a strong incentive to return containers, consumers are less likely to forfeit the deposit. For example, Saskatchewan carries the highest deposit-refund levels in Canada (5, 10, 20 and 40 cents) and also maintains the highest recovery rate — 94 per cent.

Depots are also affected by lower recovery rates. Depot business development was based on the assumption that recovery targets would be met and handling fees would offset costs. In most cases, handling fee revenue has fallen short, as 48 per cent of valuable containers are being disposed.

So far though, Newfoundland has no intention of increasing deposit and refund levels. Instead, it's counting on increased marketing and communications to improve overall program performance. Only time will tell. ♻️



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