

Saskatchewan's Beverage Container Management

by Clarissa Morawski

Saskatchewan's unique deposit-return program boasts one of the highest recovery rates in North America. It's 94 per cent, and is almost entirely operated by disabled individuals.

SARCAN Recycling—a subsidiary of the Saskatchewan Association of Rehabilitation Centres (SARC)—was set up to handle the non-refillable beverage container recycling contract for the province. The association provides a common voice with which to advocate government policy directions, secure major contracts for workshop production, conduct continuing education programs, and research new employment opportunities for people with physical or mental challenges.

Throughout the province, SARCAN operates 71 receiving depots, two processing centres, and one administrative office. It employs 365 adults, 80 per cent of which are persons with disabilities. According to Dale Botting, executive director of SARCAN, employees are paid above minimum wage and are provided with excellent group benefits and pension plans. It's estimated that their employment results in a reduction of more than \$1-million in annual social assistance payments.

When Saskatchewan consumers purchase a ready-to-serve beverage, they are charged a deposit of 5, 10, 20, or 40 cents—depending on container size—and an environmental handling charge that ranges from 3 to 7 cents per unit (depending on the material used for the container). All monies go directly to the provincial government and deposits are redeemed at SARCAN depots.

Ten years ago, SARC was awarded the exclusive contract to collect and recycle non-refillable beverage con-

tainers in Saskatchewan. Originally, only soft drink and beer cans were recovered under the program, but by April 1998, the system was expanded to include all ready-to-serve beverages, except for milk products. SARCAN also accepts non-legislated materials like refillable beer bottles for a 7-cent refund and aluminum cans brought in from other jurisdictions for a one-cent refund. Though not subject to deposits, they also began accepting plastic milk jugs for recycling in January. To date, the recovery rate for milk jugs is 20 per cent.

SARCAN is funded through its contractual agreement with the provincial government and revenues generated from the sale of material for recycling. After paying SARCAN to operate the system, the government is left with a surplus of over \$3.2-million. (Government revenues are made up of \$642,313 in unredeemed deposits and \$10,510,847 in collected environmental handling charges.)

Last year, SARCAN generated a profit of \$1.36-million which was paid out to its member agencies and used to create employment for people with disabilities. Most of the money ends up subsidizing extended recycling programs through the agencies for non-beverage container materials.

Manitoba does not have a deposit-return program. As a result, some containers sold in Manitoba are redeemed in Saskatchewan, incurring an unavoidable cost. Referred to as "bootlegging," this practice results in an additional three per cent of containers returned to depots over and above the 94 per cent of Saskatchewan's recovery rate and costs SARCAN \$893,561.

To accurately calculate the net system cost of the deposit-return system, it's necessary to examine only those costs and/or revenues incurred directly from the operation of the program itself. In 1997-98, the net cost per container recovered is 3.4 cents. Consumers who choose not to return containers (consumers of 6 per cent of containers purchased) contribute an additional \$642,313 to the system. (This is consistent with the "polluter pays" principal, where non-participants are penalized.)

Saskatchewan's system is relatively expensive compared to other Canadian deposit-refund systems reviewed to date. However, no other program in Canada achieves the 94 per cent recov-

SARCAN – System Revenues and Costs	
April 1st, 1997 - March 1st, 1998	
Revenues	
Contract payment to operate system from government.	\$7,880,000
Material revenues from deposit bearing containers.	\$4,135,575
Material revenues from non-deposit bearing containers. SARCAN also get revenues from non-deposit bearing material like milk jugs, refillable-beer bottles, and OCC container boxes.	\$1,927,405
Interest from SARCAN profits.	\$249,487
TOTAL	\$14,192,467
Costs	
SARCAN Administration	\$1,182,184
Collection	\$7,310,885
Transportation	\$485,194
Processing	\$1,621,063
Material costs from non-deposit bearing containers for collection, processing, and transportation jurisdictions and 7 cents for refillable beer bottles. SARCAN pays one cent for cans brought in from other jurisdictions.	\$2,556,968
Gross System Cost	\$13,156,294
Net Profit	\$1,036,173
Net System Cost	\$7,093,314
Net system cost is calculated by subtracting material revenues from the gross system cost: (\$13,156,294 - \$4,135,575 - 1,927,405 = \$7,093,314).	
Net system cost per container recovered	3.4 cents
Net system cost/container is calculated by dividing the net system cost by the number of containers recovered: (\$7,093,314 / 207,211,046 containers = 3.4 cents/container recovered).	

ery rate on beverage containers while also providing a value-added social service function. ♻️

Clarissa Morawski is with CM Consulting, based in Toronto, Ontario.