

Ontario Deposit Return Program Overview
MWIN 2008 Annual Conference

June 11, 2008

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Agenda

- A quick review of the program – from inception to launch
- How is the program doing provincially?
- Moving the program forward

The Announcement

- **On September 10, 2006 Premier McGuinty announced a new deposit return recycling program for wine and spirits containers**
- **Primary objective of the program:**
 - Divert an additional 25 to 30,000 tonnes from landfill (over and above the quantity historically collected through the Blue Box system); and
 - Free up space in blue boxes and thereby allow municipalities to expand the range of recyclable materials
- **Brewers' Retail Inc. (i.e. The Beer Store) chosen as the exclusive service provider for a 5 year period. Why?**
 - TBS has been running a highly successful beer bottle return system for decades in the province; and
 - They were capable of starting a return system within the 5 months available

Our Challenge

- **PIR to lead negotiations & implementation**
- **Lack of resources (i.e. people, expertise)**
- **Start date of Feb 5 was *not* negotiable**
- **Need to develop an MOU with TBS (including guiding principles)**
- **Deposits on all containers, at**
 - LCBOs & agency stores
 - Wineries, distilleries, breweries
 - Wine retail stores
- **Negotiate a 5-year contract for providing the services required to process container returns and recycle the various materials as per our requirements**

Considerations for Contract Negotiations

- **What are we buying & how much should it cost us?**
- **Deposit rates**
- **Customer service standards**
- **Hoarding & cross-border fraud risks**
- **What's good for the environment?**
- **What's good for the Blue-Box?**
- **Regulatory changes**
- **Public education to promote the required change in behaviour**

What are other provinces doing?

- **Quebec is the only province without a deposit return system for beverage alcohol containers**
- **Container deposit amounts?**
 - A range of 5 cents in Alberta to as high as 40 cents in Saskatchewan, but generally it is 10 to 20 cents
- **Return locations?**
 - most provinces have designated return depots only --- in BC and PEI it is a combination of depots and provincial liquor stores
- **All back or half-back?**
 - all provinces refund the entire deposit amount with the exception of one Maritime province
- **Break point on container volume for deposit value**
 - most provinces have this point at 500 ml or 1 litre

Negotiations Completed!

- **The contract with TBS was signed on November 6th and posted to the PIR website**
- **Contract highlights:**
 - **Clear scope of work**
 - **Pricing, billing and payment terms**
 - **Accountability**
 - **Measurable environmental objectives**
 - **90%+ of glass to be recycled to high-end use**
 - **No materials to landfill without the written permission of the Contract Manager**
 - **TBS and their subcontractor to strive towards recycling PET, Tetra and bag-in-box containers to the highest feasible end use**

Negotiations Completed!

- **Contract provides for:**
 - **Internal Controls**
 - **Financial Information**
 - **Environmental Audits**
 - **Store Visits & Mystery Shopping**
 - **Value for Money Audit (at the end of year 3)**
 - **Customer Service Standards**
 - **applies to both the general public and licensed establishments**

- **Relationship provides for:**
 - **Information sharing**
 - **Joint problem solving**
 - **Shared commitment to a high return rate and successful program**

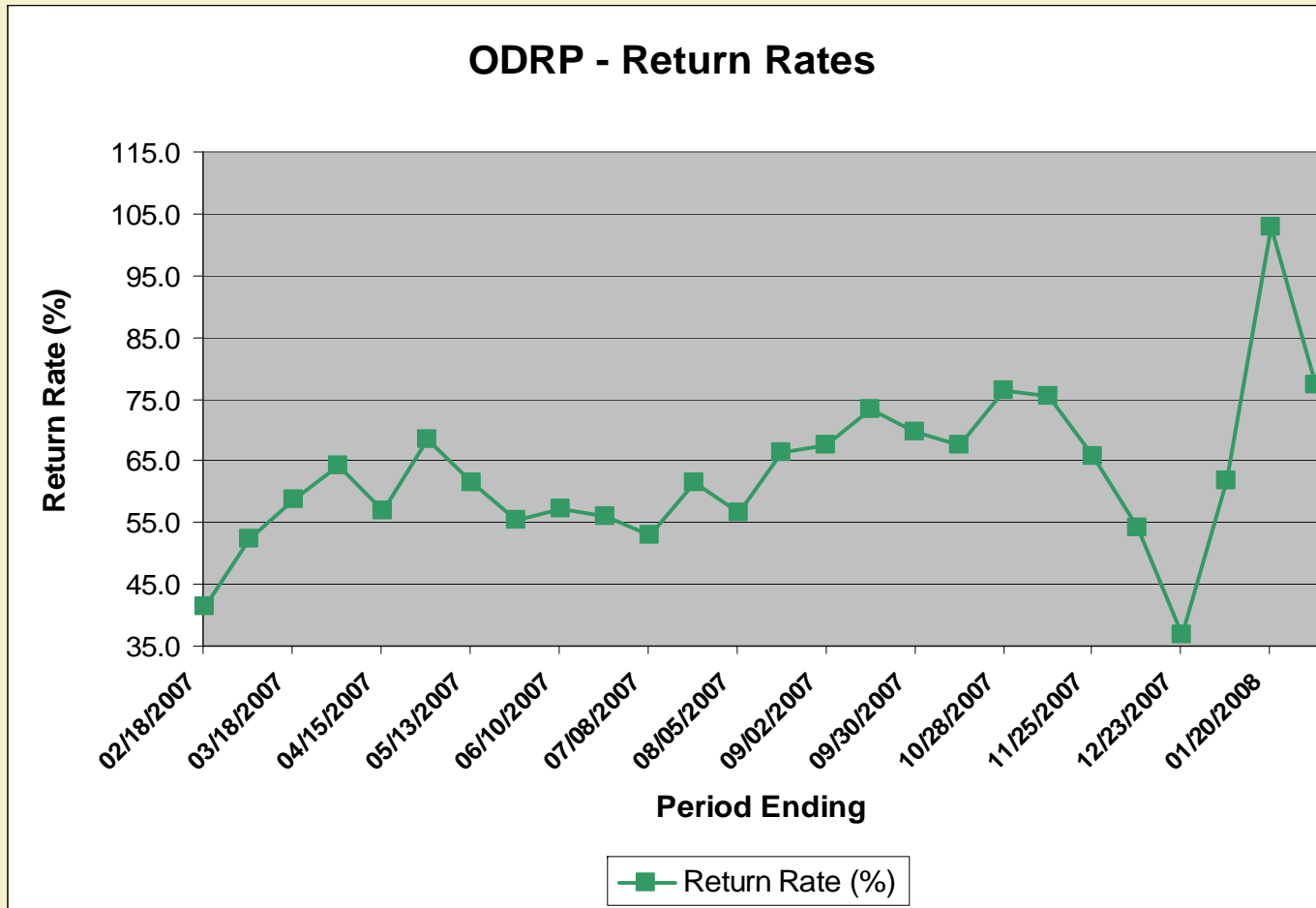
Program Launch

- **ODRP was successfully launched on the original target date of February 5, 2007**
- **All glass, PET (plastic), Tetra Pak, bag-in-box and aluminum beverage containers sold by the LCBO, Agency Stores, Wine Stores, Wineries and Distilleries and greater than 100 ml. in size are subject to a deposit at the point of purchase**
- **Consumers pay a deposit amount of 10 or 20 cents depending on the size of the container**

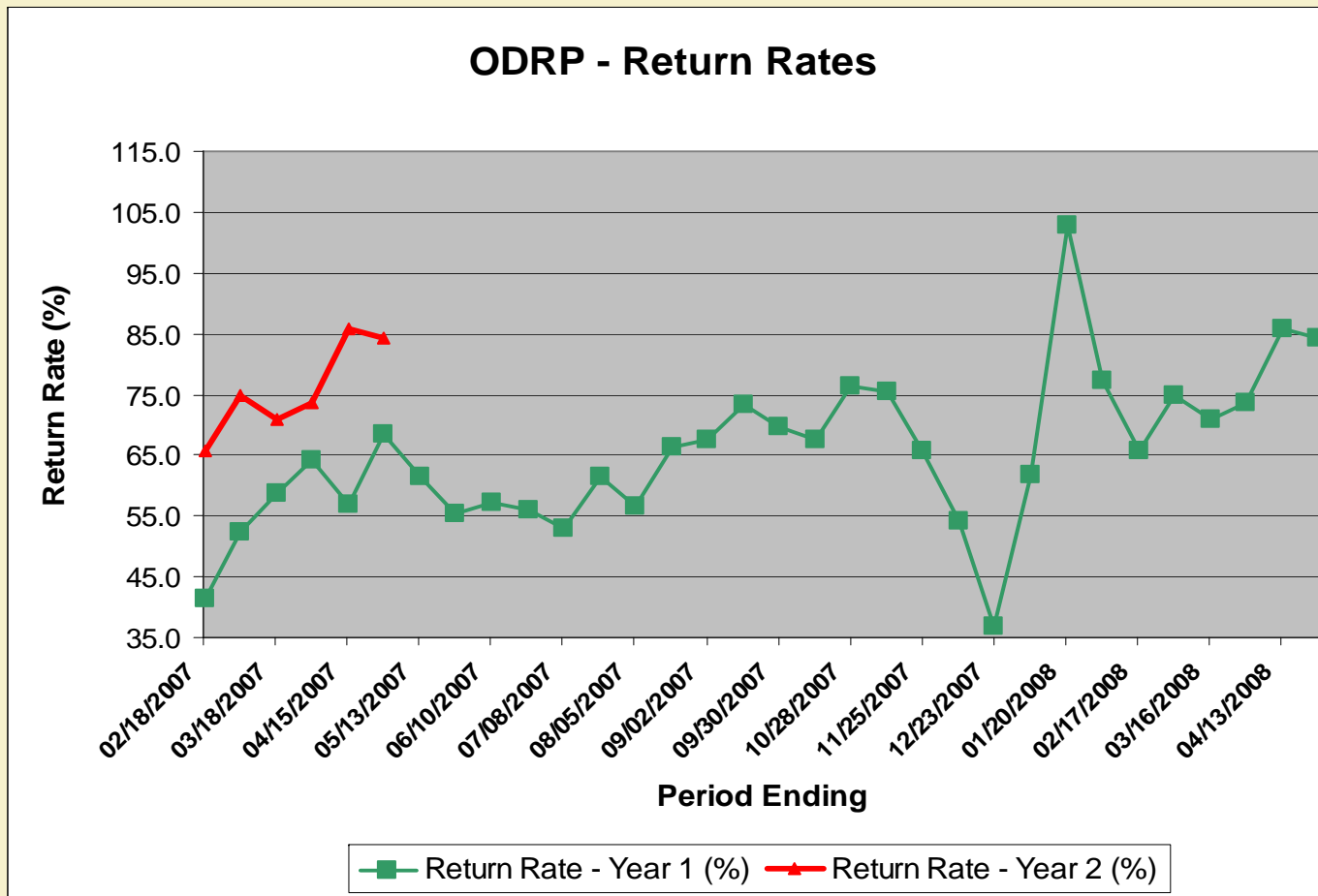
Program Launch

- Empty program containers can be returned to a total of 870 locations across the province --- i.e. all Beer Stores (TBS), LCBO Agency Stores and Empty Bottle Dealers
- TBS also pick up empty containers from the 10,000 licensed establishments who participate in TBS' Service-on-Tap Program
- All containers are processed through two facilities in Brampton and Guelph operated by NexCycle (under contract to TBS)

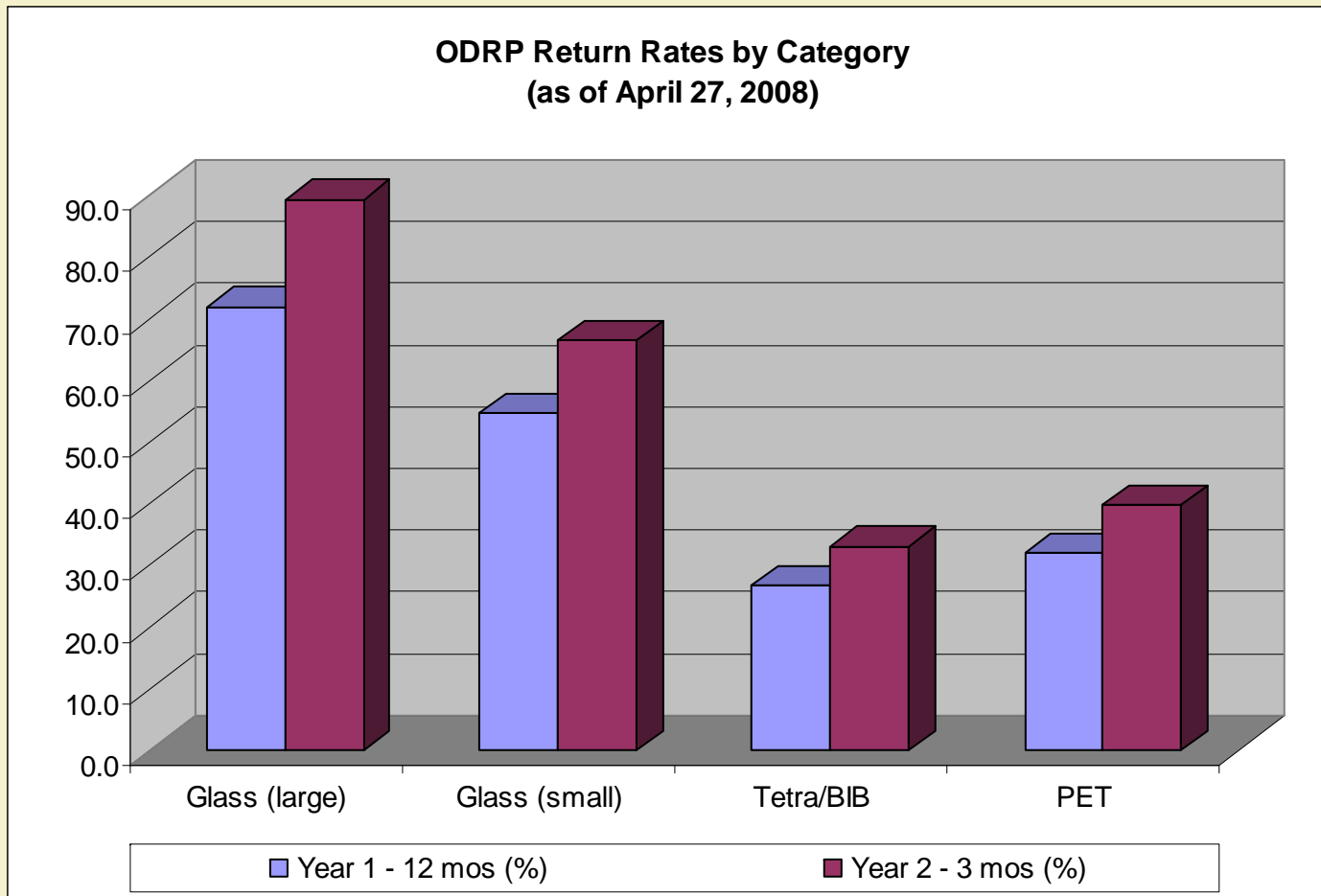
ODRP Return Rates: Year One



ODRP Return Rates: Year One and Year Two to date

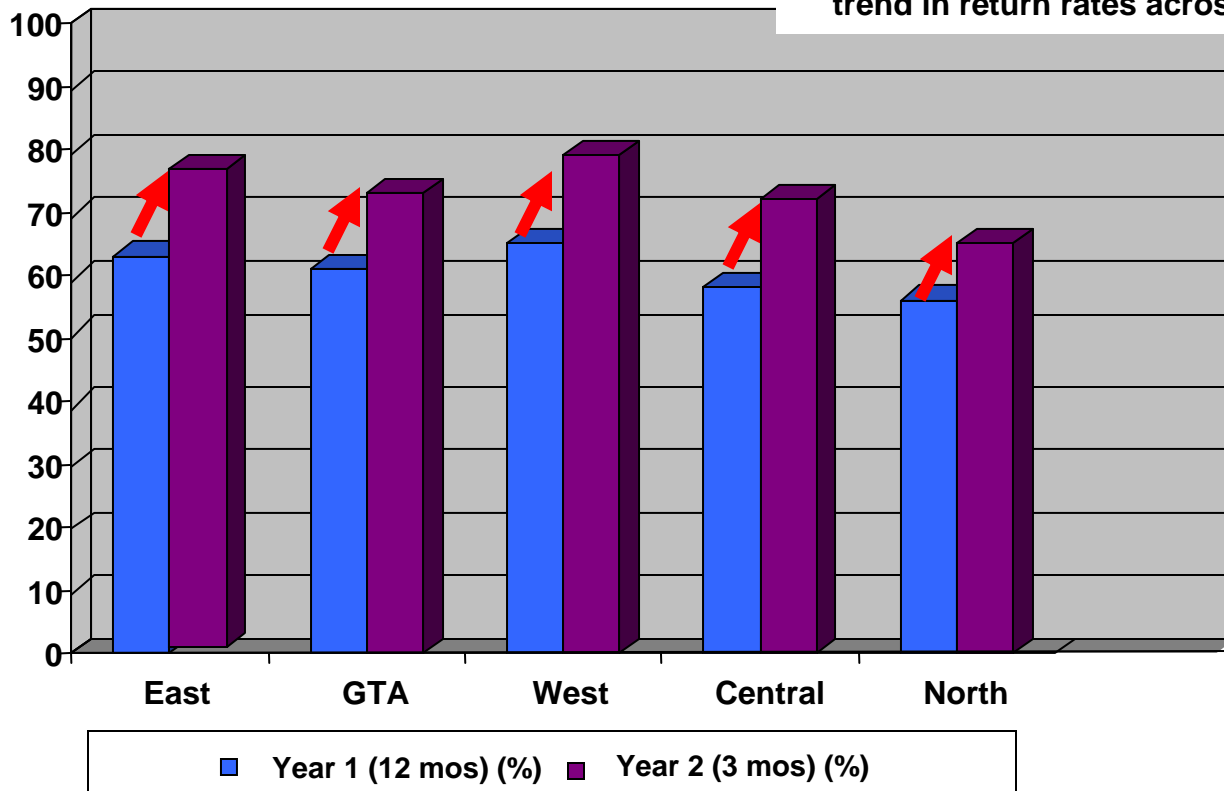


ODRP Return Rates: By Category

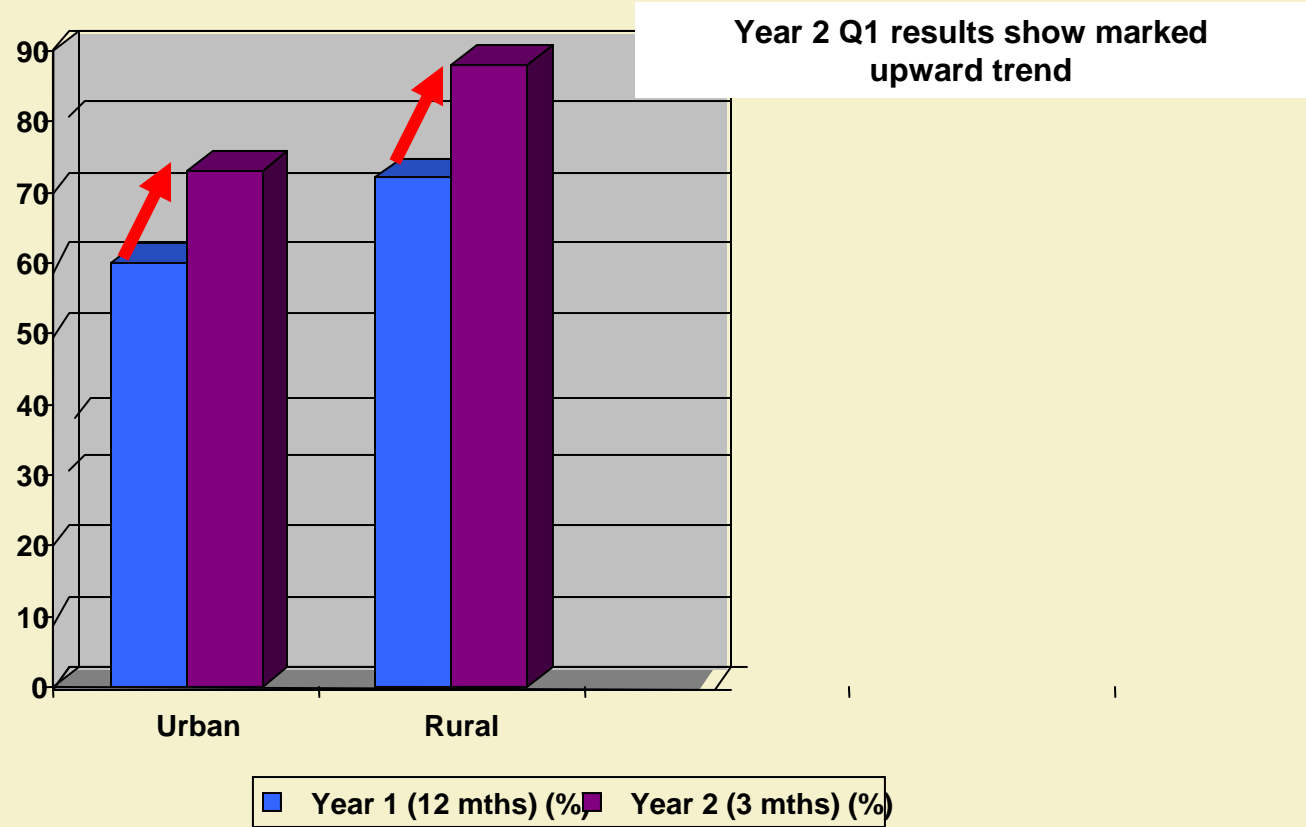


Areas of the Province: Year One – Year Two to date

Year 2 Q1 results show marked upward trend in return rates across province



Return Rates: Urban vs. Rural



Regional Return Rates: Year One – Year Two to date



	Baseline – Year 1	Trend – Year 2
Halton	65	85
Peel	52	66
York	49	65
Durham	60	76
Toronto	64	74
Ottawa	58	73
Middlesex	58	72
Essex	63	78
Thunder Bay	55	63
Sudbury	54	64

Results Interpretation

- **The program is working --- and showing steady improvement!**
- **Glass:**
 - **The diversion rate, on a tonnage basis, has already exceeded the historical recovery rate**
- **PET and Tetra/BIB**
 - **So far, PET return rates have lagged historical recovery rates --- Tetra return rates are actually higher**
- **ODRP's environmental goals are being met:**
 - **More than 90% of the glass is being recycled to high end use (new bottles and fibreglass insulation)**
 - **Virtually no material going to landfill**
 - **PET, Tetra and secondary packaging materials are going into a variety of end products**

Results Interpretation

- **Challenge to correctly interpret what the results are telling us about where we should go next to improve**
- **The data doesn't answer questions --- it points us to the factors that might influence the return behaviour (for high *and* low return rates)**
- **Should be looked at in relative terms rather than absolute terms**
- **Initially, the results will help us to better focus future public education so that we can continue to drive return rates up across the province**
- **Goal is continuous improvement**
 - **For ODRP, and**
 - **For Blue Box**

Areas for Improvement

- Even a cursory look at these regional return stats demonstrate that return rates vary widely across the province --- we need to understand the factors that are causing this variation:
 - What motivates or demotivates people from returning containers?
 - What role do demographics play?
 - What role does “ Recycling Culture “ play
 - Why do some communities *appear* to be more predisposed to returning their containers than others?
 - What about multilevel residences (with and without blue box facilities)?

Final Thoughts

- ODRP was intended to complement/supplement the blue box system
- So far so good --- now let's concentrate on how to best drive continuous improvement in return rates