

April 13, 2010

Honourable Mr. Bill Blaikie
Minister of Conservation
MINCON@leg.gov.mb.ca

Dear Mr. Blaikie:

Re: Container Recycling Fee (CRF) charged by CBCRA and its members

Despite the notice at <http://www.gov.mb.ca/conservation/pollutionprevention/mmsm.html> that retailers are no longer to collect the 2-cent levy on beverage containers, we understand from a news story and an ad in the Winnipeg Free Press that the levy is continuing under a different name (Container Recycling Fee or CRF) and with a different recipient, namely the Canadian Beverage Container Recycling Association (CBCRA). Resource Conservation Manitoba (RCM) has the following comments.

1. We welcome CBCRA and its commitment as part of the work of MMSM to achieve "the most ambitious recycling program in North America." We note that they will have serious competition trying to surpass the rates of return in deposit/return jurisdictions like Alberta and commend them for aiming that high. RCM looks forward to future collaboration with CBCRA and MMSM in this endeavour.
2. Like other observers, we are surprised and confused by the continuation of the 2-cent levy to some (but not all?) retail customers, when this was not part of the MMSM business plan and is directly contrary to department policy, as expressed in the attached December 10, 2008 letter from your predecessor, Stan Struthers. Mr. Struthers wrote, "On the issue of fees, however, I have indicated to the Industry Working Group on Packaging and Printed Paper that I will not approve any business plan with visible fees." Of course this does not prevent CBCRA from raising revenue by levying a fee from its members for every container sold if it is incorporated into the cost of business without separately charging consumers. At the initial 2-cent level, this could yield a considerable sum. The levy raised more than \$8.5 million for MPSC in the most recent year for which figures are available, an amount that funded the entire blue box program.
3. We note that this form of customer charge is possible only when the fees are round numbers, not the fractions of a cent likely to result when adjustments are made for different types of container depending on collection and processing costs, as anticipated in the MMSM plan and CBCRA website. RCM believes that internalization of these costs provides an important incentive for the beverage

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industry to continue to redesign their products and processes for responsible life-cycle efficiency that includes recycling and end-of-life costs. A uniform flat levy on containers removes this incentive by externalizing the costs.

4. It may be that the CRF charged to customers is intended to be a stop-gap transitional measure to generate funds until CBCRA can get in place another revenue collection system from beverage companies. We urge the department to ensure that the separate charge to retail customers is discontinued and the transition to cost internalization is expeditious.
5. Note that RCM would welcome a different kind of customer charge, namely a refundable deposit that is returned when the container is recycled. Costs like a deposit that are avoidable when the customer does the right thing provide an important supplemental incentive to recycle. Moreover, valorizing used containers also encourages other citizens wishing to earn extra cash (e.g. school bottle drives) to contribute to the recycling effort. This is no doubt an important factor in the over-90% recovery rates for beer bottles.
6. We would expect that, as MMSM's agent, whatever financial arrangements are adopted by CBCRA will be subject to the same provisions for accountability and transparency to which MMSM is subject.

For further background, I have attached a recent summary of our views on extended producer responsibility.

The Board of RCM is asking you to take steps to ensure that visible, non-refundable levies are not part of the EPR program for packaging in Manitoba. By what date can consumers expect to see these charges disappear from their cash register receipts?

Sincerely,

Peter Miller, Policy Committee Chair
Resource Conservation Manitoba

Attachments:

Letter from the Honourable Stan Struthers to RCM, December 10, 2008
RCM Views on Extended Producer Responsibility, April 2010

CC.

Laurie Streich, Director Pollution Prevention Branch
Ken Friesen, Executive Director of the CBCRA