

LIQUOR DISTRIBUTION BRANCH BRIEFING NOTE

PREPARED FOR: Blain Lawson, General Manager and Chief Executive Officer

FOR INFORMATION

ISSUE: LDB Employees are meeting with the Environmental Standards Branch of the BC Ministry of Environment on July 18.

The LDB must to clarify its legal requirements and communicate its strategic position with respect upcoming enforcement of the Packaging and Printed Paper (PPP) portion of the BC Recycling Regulation.

BACKGROUND:

In May 2011, the BC [Recycling Regulation](#) was amended (Schedule 5) to include Packaging and Printed Paper (PPP) as a product category. By May 2014 producers of PPP are required to implement a stewardship program for the collection and recycling of PPP in BC.

Definitions and Scope

“packaging” is defined in the *Environmental Management Act* as:

“a material, substance or object that is

(a) used to protect, contain or transport a commodity or product, or

(b) attached to a commodity or product or its container for the purpose of marketing or communicating information about the commodity or product;”

“Printed paper” is defined in the *Recycling Regulation* as:

“paper that is not packaging, but is printed with text or graphics as a medium for communicating information

For both of these material types, they must leave the store with the consumer to be considered in scope of the regulation. Material used to transport goods between businesses is considered to be out of scope.

A **“stewardship plan”** defines the elements of the producers’ program for managing a regulated product, including program objectives, targets and performance measures. Producers may appoint an agency to undertake their duties. In the case of PPP, the plan will achieve, or is capable of achieving within a reasonable time, a 75% recovery rate.

Stewardship Agencies in BC

In order to respond to these new legal requirements, large producers in BC elected to create and/or use existing stewardship agencies to manage a stewardship program that will allow them to meet their obligations. Legally, they had to submit a stewardship plan to the BC Ministry of Environment by November 19, 2012 to be considered. Following that date, other producers would be required to partner with the stewardship agencies which have an approved stewardship plan.

Only two stewardship agencies submitted stewardship plans to the BC Ministry of Environment prior to the November 19th deadline. These are Multi-Materials BC (MMBC), representing the vast majority of producers, and Brewer Distributors Ltd. (BDL) who are representing the major Canadian beer manufacturers/distributors and would like to take responsibility for secondary packaging from beer and ciders brands that they represent.

At present, only the MMBC Stewardship Plan has been approved by the BC Ministry of Environment. The BDL Stewardship Plan is under review.

MMBC is governed by a board comprised of a representative from each of:

- **The Retail Council of Canada (RCC):** Allen Langdon – Vice-President, Sustainability
- **Canadian Federation of Independent Grocers (CFIG):** Gary Sands – Vice-President of Government Relations
- **Canadian Restaurant and Food Services Association (CRFA):** Stephanie Jones – Vice-President Ontario and Sustainability
- **Food and Consumer Products of Canada (FCPC):** Rachel Kagan – Senior Director, Environment and Sustainability Policy
- **Loblaw Companies Limited:** Alain Brandon – Senior Manager, Government Relations and Corporate Social Responsibility
- **McCain Foods:** Calla Farn – Vice-President of Government/Public Relations and Corporate Affairs
- **Overwaitea Food Group:** Betty Beukema – Director of Retail Services
- **Tim Hortons:** Carol Patterson – Senior Manager, Regulatory Affairs

DISCUSSION:

The LDB is a “producer” as per the following definition of the regulation:

“(i) a person who manufactures the product and sells, offers for sale, distributes or uses in a commercial enterprise the product in British Columbia under the manufacturer's own brand”

Therefore a letter of intent was sent from the LDB to MMBC on December 12, 2012 to cover the LDB's responsibility for PPP released with the LDB or BC Liquor Stores brand, such as:

- Plastic bags and paper bags
- Marketing materials: TASTE magazine, Savvy Shoppers flyer, Product Guide, promotional pamphlets, cocktail recipes, etc.
- Packaging on charity items (Share Bear tags and wrappers on Dry Grad chocolates)
- Packaging on BC Liquor Stores-branded products sold at the till: Gift cards, cork screws/bottle openers, etc.

This briefing note is intended to address the PPP associated with beverage alcohol products sold in BC Liquor Stores and distributed in BC.

It appears as though the LDB may also be a “producer” as per the following definition of the regulation:

“(iii) a person who imports the product into British Columbia for sale, distribution or use in a commercial enterprise”

MMBC's Approved Stewardship Program versus BDL's Proposed Stewardship Plan

MMBC will be taking over the management/costs associated with recycling infrastructure across BC to collect all PPP materials (including municipal blue box and depots). They will then be charging back these costs to producers that sign up with them, based on the mass of material the producer puts into the residential, consumer marketplace.

In their draft stewardship plan, BDL has stated that they intend to take legal responsibility for the brands that they represent either as agents/suppliers or as beverage container stewards (refillable beer bottles and all aluminum cans). Note that this may overlap imported beer products for which the LDB is designated as "first importer" and therefore has legal responsibility.

BDL has stated in their draft plan that they would like to use all of their existing collection points for beverage container returns to collecting this packaging – including BC Liquor Stores. In other words, they do not intend to make use of the MMBC stewardship program and pay costs associated with the recycling infrastructure.

The majority of the PPP associated with products sold in BC Liquor Stores comes with beer, cider, and refreshment products, such as paperboard or shrink-wrap covering multi-pack products as plastic rings holding the cans together (hi-cones) – therefore most of the material falls under BDL's proposed stewardship plan.

Challenges/Unknowns associated with collecting packaging on behalf of BDL

s.13

Not Responsive

s.13

Summary Timeline

- **May 2011:** The BC Recycling Regulation was amended in to include extended producer responsibility (EPR) for packaging and printed paper (PPP) that enter into the BC residential marketplace.
- **November 19, 2012:** Producers were required by to submit a stewardship plan to the Ministry of Environment, or join an agency that has prepared a plan on behalf of producers.
- **December 12, 2012:** The LDB sent a letter of intent to Multi-Materials BC (MMBC) appointing them to act on their behalf and carry out the duties described in the recycling regulation
- **September 1, 2013:** Anticipated start date of reporting 2012 PPP data to MMBC
- **October – December, 2013:** Formal contracts will have to be signed by producers who wish to assign MMBC as their steward
- **May 19, 2014:** the producers' obligations come into effect
- **May 20, 2014 – onward:** MMBC has indicated that reporting and fee payments will be required on a quarterly basis

Prepared by:
David McPhie
Manager of Environmental Initiatives

LIQUOR DISTRIBUTION BRANCH INTERNAL MEMO

FOR INFORMATION

ISSUE: The LDB must to clarify its legal requirements and communicate its strategic position with respect upcoming enforcement of the Packaging and Printed Paper (PPP) portion of the BC Recycling Regulation.

BACKGROUND:

In May 2011, the BC [Recycling Regulation](#) was amended (Schedule 5) to include Packaging and Printed Paper (PPP) as a product category. By May 2014 producers of PPP are required to implement a stewardship program for the collection and recycling of PPP in BC.

Definitions and Scope

“packaging” is defined in the *Environmental Management Act* as:

“a material, substance or object that is

- (a) used to protect, contain or transport a commodity or product, or
- (b) attached to a commodity or product or its container for the purpose of marketing or communicating information about the commodity or product;”

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“paper that is not packaging, but is printed with text or graphics as a medium for communicating information

For both of these material types, they must leave the store with the consumer to be considered in scope of the regulation. Material used to transport goods between businesses is considered to be out of scope.

A **“producer”** is defined as

- (i) a person who manufactures the product and sells, offers for sale, distributes or uses in a commercial enterprise the product in British Columbia under the manufacturer's own brand,
- (ii) if subparagraph (i) does not apply, a person who is not the manufacturer of the product but is the owner or licensee of a trademark under which a product is sold, distributed or used in a commercial enterprise in British Columbia, whether or not the trademark is registered, or
- (iii) if subparagraphs (i) and (ii) do not apply, a person who imports the product into British Columbia for sale, distribution or use in a commercial enterprise;

A **“stewardship plan”** defines the elements of the producers' program for managing a regulated product, including program objectives, targets and performance measures. Producers may appoint an agency to undertake their duties. In the case of PPP, the plan will achieve, or is capable of achieving within a reasonable time, a 75% recovery rate.

Stewardship Agencies in BC

In order to respond to these new legal requirements, large producers in BC elected to create and/or use existing stewardship agencies to manage a stewardship program that will allow them to meet their obligations. Legally, they had to submit a stewardship plan to the BC Ministry of Environment by November 19, 2012 to be considered. Following that date, other producers would be required to partner with the stewardship agencies which have an approved stewardship plan.

Only two stewardship agencies submitted stewardship plans to the BC Ministry of Environment prior to the November 19th deadline. These are Multi-Materials BC (MMBC), representing the vast majority of producers, and Brewer Distributors Ltd. (BDL) who are representing the major Canadian beer manufacturers/distributors and would like to take responsibility for secondary packaging from beer and ciders brands that they represent.

At present, only the MMBC Stewardship Plan has been approved by the BC Ministry of Environment. The BDL Stewardship Plan is under review.

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DISCUSSION:

In anticipation that the LDB would be responsible for some PPP and would therefore have to appoint a stewardship agency, a letter of intent was sent from the LDB to MMBC on December 12, 2012.

The LDB is a “producer” as per the following definition of the regulation:

“(i) a person who manufactures the product and sells, offers for sale, distributes or uses in a commercial enterprise the product in British Columbia under the manufacturer's own brand”

Therefore the LDB is responsible for all PPP containing the BC Liquor Stores brand, such as:

- Plastic bags and paper bags
- Marketing materials: TASTE magazine, Savvy Shoppers flyer, Product Guide, promotional pamphlets, cocktail recipes, etc.
- Packaging on charity items (Share Bear tags and wrappers on Dry Grad chocolates)
- Packaging on BC Liquor Stores-branded products sold at the till: Gift cards, cork screws/bottle openers, etc.

MMBC's *Approved* Stewardship Program versus BDL's *Proposed* Stewardship Plan

MMBC will be taking over the management/costs associated with recycling infrastructure across BC to collect all PPP materials (including municipal blue box and depots). They will then be charging back these costs to producers that sign up with them, based on the mass of material the producer puts into the residential, consumer marketplace.

In their draft stewardship plan, BDL has stated that they intend to take legal responsibility for the brands that they represent either as agents/suppliers or as beverage container stewards (refillable beer bottles and all aluminum cans).

BDL has stated in their draft plan that they would like to use all of their existing collection points for beverage container returns to collecting this packaging – including BC Liquor Stores. In other words, they do not intend to make use of the MMBC stewardship program and pay costs associated with the recycling infrastructure.

The majority of the PPP associated with products sold in BC Liquor Stores comes with beer, cider, and refreshment products, such as paperboard or shrink-wrap covering multi-pack products as plastic rings holding the cans together (hi-cones) – therefore most of the material falls under BDL's proposed stewardship plan.

Challenges/Unknowns associated with collecting packaging on behalf of BDL

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Clarity Still Needed from BC Ministry of Environment

MMBC and BDL define packaging slightly differently in their stewardship plans. For example, MMBC considers the container closure (bottle cap, cork, etc.) to be part of the container – implying that it should be covered by Schedule 1 (Beverage Container portion) of the Recycling Regulation. BDL, on the other hand, presents the bottle cap as part of the secondary packaging – something that could be covered under Schedule 5 (PPP portion) of the Recycling Regulation. The BC Ministry of Environment will have to provide clarity.

Summary Timeline

- **May 2011:** The BC Recycling Regulation was amended to include extended producer responsibility (EPR) for packaging and printed paper (PPP) that enter into the BC residential marketplace.
- **November 19, 2012:** Producers were required by to submit a stewardship plan to the Ministry of Environment, or join an agency that has prepared a plan on behalf of producers.
- **December 12, 2012:** The LDB sent a letter of intent to Multi-Materials BC (MMBC) appointing them to act on their behalf and carry out the duties described in the recycling regulation
- **September 20, 2013:** Businesses to sign a formal membership agreement with MMBC
- **September 20, 2013:** Deadline for reporting 2012 PPP estimates to MMBC
- **Fall 2013:** Packaging fees for the 2014 year will be established
- **January 2014:** First payments due
- **May 19, 2014:** the producers' obligations come into effect
- **May 20, 2014 – onward:** MMBC has indicated that reporting and fee payments will be required on a quarterly basis

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Prepared by:
David McPhie
Manager of Environmental Initiatives

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LIQUOR DISTRIBUTION BRANCH INTERNAL MEMO

FOR INFORMATION

ISSUE: The LDB has determined its strategic and legal position with respect to the BC Recycling Regulation. This position must be communicated to Brewers Distributor Limited (BDL) and will influence ongoing negotiations with them.

BACKGROUND:

History of recycling regulations in BC and relevance to the LDB:

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- Not Responsive
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- **2011:** *Recycling Regulation* was amended (Schedule 5) to include Packaging and Printed Paper (PPP) as a product category.
- **2014:** producers of PPP are required to implement a stewardship program for the collection and recycling of PPP in BC.

The current [Recycling Regulation](#) has two schedules which apply to the Liquor Distribution Branch's operations. They are:

- Not Responsive
- Schedule 5 (Packaging and Printed Paper)

A "Producer" of a beverage container is defined differently under each schedule:

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Not Responsive

Not Responsive

- A Producer of **packaging and printed paper** (under Schedule 5) is defined as:
 - (i) a person who manufactures the product and sells, offers for sale, distributes or uses in a commercial enterprise the product in British Columbia under the manufacturer's own brand,
 - (ii) if subparagraph (i) does not apply, a person who is not the manufacturer of the product but is the owner or licensee of a trademark under which a product is sold, distributed or used in a commercial enterprise in British Columbia, whether or not the trademark is registered, or
 - (iii) if subparagraphs (i) and (ii) do not apply, a person who imports the product into British Columbia for sale, distribution or use in a commercial enterprise;

Stewardship Agencies and Stewardship Plans in BC:

- In order to respond to these legal requirements, producers in BC elect to create and/or use existing stewardship agencies to manage stewardship programs that will allow them to meet their obligations.
- Stewardship agencies must produce a "Stewardship Plan" which defines the elements of the producers' program for managing a regulated product, including program objectives, targets and performance measures.
- Stewardship agencies must convince the Ministry of Environment that the plan will achieve, or is capable of achieving within a reasonable time, at least a 75% recovery rate for each container subcategory listed in the Recycling Regulation
- The stewardship agencies that currently exist in BC:

Schedule of BC Recycling Regulation (Material Type)	Stewardship Agency	Products/Materials covered	Redemption Facilities
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Not Responsive

			Not Responsive
Schedule 5 (Packaging and Printed Paper)	Multi- Materials BC	Representing the vast majority of producers and retailers in BC	<ul style="list-style-type: none"> • Municipal blue box • Some depots (not yet defined)
	Brewers Distributors Ltd.	Representing the major Canadian beer manufacturers/distributors and would like to take responsibility for secondary packaging from beer and refreshment brands that they represent under Schedule 1. Plan Not Approved	Unclear. Presumably private liquor stores and depots that are contracted with BDL for aluminum and refillable bottle collection.

DISCUSSION:

The LDB's Position/Concerns

- As per Goal 5 relating to 'Corporate Social Responsibility' in the LDB's Service Plan for Fiscal Years 2013/14 – 2015/16, the LDB is committed to reduce the impact of operations on the environment
- A key component to the LDB's commitment to environmental sustainability is the return-to-retail of alcohol beverage containers.
 - The program has contributed to British Columbians giving a high environmental rating to the LDB as a retailer in BC (as per the 2013 Insights West Survey conducted by the LDB).
- The LDB would like to continue to support the objectives of the BC Recycling Regulation, particularly as it relates to:
 - working with industry to reduce the environmental impact the beverage alcohol supply chain and product lifecycle
 - reducing material and energy inputs and improving reusability and recyclability of beverage containers and packaging
 - ensuring that no costs are borne by local government and general taxpayers

Not Responsive

Page 16 redacted for the following reason:

Not Responsive

Not Responsive

For Schedule 5: Packaging and Printed Paper (PPP)

The LDB's Legal Position:

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Relating to the BC Recycling Regulation Implementation and Enforcement:

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Appendix B - Upcoming BDL Stewardship Plans

- Below are the plans that the LDB must review in order to provide feedback to the stewardship agencies and to the Ministry of Environment

Stewardship Agency	Schedule of BC Recycling Regulation (Material Type)	Period	Status
Brewers Distributors Ltd.	Schedule 5 (Packaging and Printed Paper)	2014 – 2018	<ul style="list-style-type: none">BDL has provided an electronic copy of a recent draft to the LDB. BDL has already submitted a number of drafts to the Ministry of Environment however none have been approved.BDL wished to include the LDB in the draft submission. The LDB is not interested in being included for good reason and has provided a response to BDL, see below.

Not Responsive

- Re: Schedule 5 Plan:**

Draft wording suggested by BDL for inclusion in their Schedule 5 Stewardship Plan:

s.13, s.17

Not Responsive

Product	Quantity	Per Product										
		Newsprint (kg)	Magazines (kg)	Catalogues (kg)	Other Printed Materials (kg)	Paper Laminates (kg)	Kraft Paper Bags (Point of Sale) (kg)	Corrugated Cardboard (kg)	Boxboard and Other Paper Packaging (kg)	Plastic Laminates - Non-Beverage (kg)	LDPE Film Carry-Out Bags (kg)	Other Plastic Packaging < 5L - Non-Beverage (kg)
I. CONTAINERS												
1. Paper Bags	12,806,000						0.004620					
2. Plastic Bags												
<i>Medium Liquor</i>	8,572,500										0.010069	
<i>Large Liquor</i>	9,078,000										0.013644	
3. Repackaging Boxes												
<i>Box</i>	2,000							0.371500				
<i>Inserts</i>	2,000							0.244500				
II. PRINTED MATERIALS												
1. Taste Magazines	534,880		0.555000									
2. Brochures												
<i>3 Panel Brochure</i>	127,000			0.008400								
<i>4 Panel Brochure</i>	46,800			0.011600								
<i>5 Panel Brochure</i>	12,000			0.015000								
<i>8 Page Self Cover</i>	6,000			0.018200								
<i>8 Pages + Cover</i>	39,300			0.021500								
<i>12 Pages + Cover</i>	123,650			0.024000								
<i>16 Pages + Cover</i>	65,000			0.028400								
<i>20 Pages + Cover</i>	95,000			0.046500								
<i>24 Pages + Cover</i>	27,000			0.038000								
<i>28 Pages + Roll Fold Cover</i>	65,000			0.060300								
<i>32 Pages + 4 Page Cover</i>	9,500			0.043500								
<i>32 Pages + Cover</i>	64,000		0.112000									
<i>64 Pages + Cover</i>	15,875			0.144								
<i>Product Guides</i>	146,520	0.076000										
3. Receipts	229,500				0.226000							
III. ACCESSORIES												
1. Gift Cards	100,157								0.002800			0.005000
2. Gift Bags												
<i>1 Bottle Gift Bags</i>	186,154					0.058000						
<i>2 Bottle Gift Bags</i>	3,065					0.107500						
3. Corkscrews	7,409								0.015000			0.004000
4. Dry Grad Chocolate	541,362									0.000500		
												Total Weight (kg)
												BC Recycling Fee (\$/kg)
												Estimated Cost

Totals										
Newsprint (kg)	Magazines (kg)	Catalogues (kg)	Other Printed Materials (kg)	Paper Laminates (kg)	Kraft Paper Bags (Point of Sale) (kg)	Corrugated Cardboard (kg)	Boxboard and Other Paper Packaging (kg)	Plastic Laminates - Non-Beverage (kg)	LDPE Film Carry-Out Bags (kg)	Other Plastic Packaging < 5L - Non-Beverage (kg)

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-	-	-	-	-	59,163.7	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	86,319.4	-
-	-	-	-	-	-	-	-	-	123,860.2	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	743.0	-	-	-	-
-	-	-	-	-	-	489.0	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	296,858.4	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	1,066.8	-	-	-	-	-	-	-	-
-	-	542.9	-	-	-	-	-	-	-	-
-	-	180.0	-	-	-	-	-	-	-	-
-	-	109.2	-	-	-	-	-	-	-	-
-	-	845.0	-	-	-	-	-	-	-	-
-	-	2,967.6	-	-	-	-	-	-	-	-
-	-	1,846.0	-	-	-	-	-	-	-	-
-	-	4,417.5	-	-	-	-	-	-	-	-
-	-	1,026.0	-	-	-	-	-	-	-	-
-	-	3,919.5	-	-	-	-	-	-	-	-
-	-	413.3	-	-	-	-	-	-	-	-
-	7,168.0	-	-	-	-	-	-	-	-	-
-	-	2,286.0	-	-	-	-	-	-	-	-
11,135.5	-	-	-	-	-	-	-	-	-	-
-	-	-	51,867.0	-	-	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	280.4	-	-	500.8
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	10,796.9	-	-	-	-	-	-
-	-	-	-	329.5	-	-	-	-	-	-
-	-	-	-	-	-	-	111.1	-	-	29.6
-	-	-	-	-	-	-	-	270.7	-	-

11,135.5	304,026.4	19,619.7	51,867.0	11,126.4	59,163.7	1,232.0	391.6	270.7	210,179.6	530.4	669,543.0	<- Total weight (kg)
\$ 0.20	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.52	\$ 0.24	\$ 0.29	\$ 0.29	\$ 0.70	\$ 0.54	\$ 0.54		
\$2,227.10	\$72,966.34	\$4,708.72	\$12,448.08	\$5,785.74	\$14,199.29	\$357.28	\$113.56	\$189.48	\$113,496.98	\$286.43		

TOTAL ESTIMATED COST	\$226,778.99
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