

Stewardship Plan Title: Beverage Container Stewardship Plan

Product Category: Recycling Regulation, Schedule 1, Beverage Container Product Category (BC Reg. 449/2004)

Document Title: Producers Paying the Cost of Obligated Materials and Dispute Resolution Process

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1. Commitment

BRCCC commits to pay the cost of collection and management of BRCCC containers pursuant to Section 5(1)(c)(i) of the *Recycling Regulation*: “the producer collecting and paying the costs of collecting and managing products within the product category covered by the plan”. Beverage containers under BRCCC’s Schedule 1 plan include alcohol aluminum cans and refillable glass bottles.

a. Program Funding

BC brewers pay the full costs of managing the BRCCC container recovery program. The cost for recovering the container is factored into the price of the product as any other input cost, such as labour, energy or transportation. BRCCC follows pricing protocol as dictated by the BC Liquor Distribution Branch (LDB). Brewers internalize stewardship costs into their wholesale pricing and retailers independently set the retail consumer price at their discretion, subject to liquor pricing regulations. Note that all components that make up the sale price is governed by liquor policy. Since the costs of the BRCCC system are internalized, any inefficiency in the system accrues to brewers as an additional cost. Accordingly, brewers demand that BRCCC be diligent in ensuring the system is highly cost-effective, while maintaining best-in-class environmental performance and customer service levels.

A fundamental tenet of extended producer responsibility (EPR) is that costs of end-of-life management become internalized to producers to incent product design improvements and system efficiencies with an aim to reduce environmental and financial liabilities. BRCCC’s program is operated on a cost-recovery basis and is fully funded by its brewer members participating in the program.

BRCCC finances the collection and management of containers from three sources; fees from brand owners/producers for each container supplied into the market, unredeemed deposits and revenues made from the sale of recyclable material. From these revenues, the BRCCC, through its service provider, Brewers’ Distributor Ltd. (BDL), pays container collection partners for collection of containers and arranges for the transportation and preparation of cans for recycling and bottles for refilling. Since the value of unredeemed deposits and sale of recyclable material are insufficient to cover the full cost of management of BRCCC’s obligated materials, additional fees are collected from brewers and adjusted on an annual basis to cover all system costs. Each container type is tracked and reported independently to ensure there no cross-subsidization between material streams. BRCCC’s revenue streams and expenses are published in its Annual Report which includes independently audited financial statements and the Independent Auditor’s Report and made available to the public and interested stakeholders. Note that BRCCC follows financial accountability rules under the *BC Societies Act*.

The BRCCC Board of Directors meets on a regular basis to review program performance, audited and projected material revenues, unredeemed deposits, producer costs, container fees, service levels and environmental standards and measures. Any system cost increase is addressed by increasing producer fees. There are no additional consumer fees added to the product price at the point of sale.

2. Overview of Collection Services

BRCCC's collection system utilizes the brewers' distribution and retail networks, which optimizes efficiencies through return empty container trips coordinated with full goods deliveries thereby significantly reducing greenhouse gas emissions. As such, reverse logistics through return-to-retail remains a vital component of the BRCCC system.

BRCCC provides a range of return location options to consumers in BC which include all BC Liquor Stores (GLS), licensee retail stores (LRS), rural agency stores and selected depots. BRCCC, through BDL, has individual contracts with its collection system partners based on the agreed services provided.

BRCCC is also in active discussions with Recycle BC and Encorp Pacific to address concerns regarding program containers incidentally being collected into their respective programs. This includes identifying consumer awareness opportunities to ensure that British Columbians are engaging with the respective programs to reuse and/or recycle products the way in which they were designed.

a. Types of service agreements

BRCCC has an agreement with the LDB regarding the collection of empty beer containers. As a matter of general business practice, BC Liquor Stores have a flexible and varied return system and often accommodate more than the regulatory limit of 24 containers per customer per day in many locations.

BRCCC also has over a hundred contracted LRS locations in which the majority accept unlimited returns from customers. BC consumers continue to express significant support for the convenience of being able to return their empty containers to the retail locations where they make their purchases. For this reason, BRCCC continues to place priority on contracting with retail locations that offer unlimited returns for BC consumers.

In locations where a retailer or retailers are unable to accept the return volume of the local population (usually due to population size or growth) BDL will then consider granting a depot license to fill the service gap. When selecting depot locations to act as collectors, BRCCC places priority on contracting with locations that already serve multiple stewardship programs to maximize consumer convenience. However, all drop off location choices are based on filling service gaps and appropriate fit as described in the following section. Locations are added as performance targets necessitate.

In addition to maintaining a comprehensive return collection network, BRCCC will continue to seek alternative drop off locations as the need may arise. These alternative sites may provide an opportunity to facilitate unique partnerships including but not limited to, service groups, mobile collection options and legions.

Through BDL, BRCCC enter legally binding, detailed commercial agreements with all of its authorized collection sites (LRS, GLS, bottle depots) as well as its processing (recycling) partners.

Depot contracts include service provisions for three general types of depot activity:

- (1) standard depots (public facing depots accepting back containers for BRCCC, which do not process or consolidate material)
- (2) processing depots which densify/bale aluminum from other locations as well as any volumes they themselves collect, and
- (3) consolidation depots which collect and stage returned containers from feeder standard depots until full shipping quantities are gathered to be sent out.

A single depot location may provide one or more of the services listed above.

New contracts are awarded to depots based on system coverage requirements and have a term of 5 years. All service providers (depots, consolidators and processors) are contacted at minimum one year prior to contract expiry to restart renewal discussions.

In 2018, BRCCC updated its standard form of contract with its depots. All contracted locations recommitted to servicing the container recovery program. As current five-year contracts will come to an end of the term in mid-2023, BRCCC has initiated contract renewal discussions in the past year. BRCCC added a new Field Services Manager who is responsible for facilitating network discussions and provides additional dedicated 'on-the-ground' support for depots. BRCCC's contract renewal process provides the opportunity for current and future collection and processing partners to revisit and address specific service needs.

b. Authorized location siting criteria

For the purpose of meeting BRCCC's accessibility target stated in its Schedule 1 stewardship plan, the collection network of government liquor stores (GLS) stores, licensee retail stores (LRS), rural agency stores and selected depots will be considered in accordance with the outlined criteria.

BRCCC aims to balance the number of sites required to achieve high performance objectives while ensuring its services systems remain cost effective. Reverse logistics increases efficiencies both environmentally and economically, making BRCCC the only beverage container stewardship program to coordinate with full goods deliveries with empty container return trips by utilizing the brewers' distribution and retail networks.

Note that an unlimited return location is defined as a contracted depot or LRS contracted to collect more than 24 containers per day per customer based on Section 6(2) of Schedule 1 of the Recycling Regulation. An authorized return location is a GLS, LRS, rural agency store or contracted depot.

In determining whether a non-contracted depot or LRS shall be contracted as part of its unlimited collection network, BRCCC considers the following criteria:

- number of unlimited return locations available in the Regional District;
- patterns or changes of population growth;
- relocation or closure of an authorized return location which requires the area's coverage to be re-evaluated;
- geographical barriers that prevent customers from conveniently being able to make returns;

- any other criteria that the BRCCC considers relevant in order to maintain accessibility of its collection network, including but not limited to, public transit and accessibility for people with disabilities.

c. Application process

Any non-contracted depot or LRS is welcome to apply for a contract to provide unlimited returns at any time. BRCCC makes application forms available on its website. BRCCC reviews formal contract applications from a non-contracted depot or LRS on an ongoing basis and will formally respond with a decision at the latest to coincide with the timing of its annual coverage review.

If an application is accepted, then BRCCC will notify the applicant and send a draft contract for the applicant to review. If an application is declined, then BRCCC will provide a written explanation of why a location does not meet the siting criteria. If a contract is not awarded in any given year, BRCCC will log the request should future circumstances change and further coverage in the applicable area is required.

Note that contracts are non-transferrable to a different location or business entity and are subject to consent from BRCCC.

d. Selection process and annual coverage review

In determining the appropriate system coverage, BRCCC utilizes geographic information systems (GIS) technology to identify potential service gaps as it pertains to container return locations. If a particular area of the province is under-served, BRCCC will identify a licensee retail store, bottle depot or other collection partner in that area and contract their collection services to ensure there is sufficient coverage at all times throughout the province. In smaller communities with a population of 4,000 or less the retailer is often an LDB agent and will accept all container returns from consumers.

An application may be denied under the following circumstances, among other considerations:

- The applicant engages in fraudulent stewardship activities;
- The applicant participates in hostile activities that impact BRCCC's program operations, performance and/or reputation.

Applicants are expected to share any immediate concerns directly with BRCCC and to work cooperatively with BDL, as well as other service providers.

As previously mentioned, BRCCC prioritizes reverse logistics in its collection system which means it combines full goods delivery of beer to bars, restaurants, other on-premise licensees and retail locations with the pick-up of empty returns to create efficiency. The brewers' successful collection network predates any existing recycling regulation and continues to be built on maintaining a high-performing, environmentally efficient and cost-effective system.

'Discounting' may occur when a customer brings their empty alcohol cans or refillable bottles for deposit refund at a depot that is currently not contracted with BRCCC. Some customers may also choose to visit these unauthorized locations out of preference notwithstanding the costs to them for doing so.

Rather than informing customers of where their nearest authorized location is to receive a full deposit refund, a number of non-contracted depots in some cases accept these containers and arrange for them to be returned to an authorized location while 'discounting' a portion of the customer's deposit to compensate for their handling. Note that select depots have chosen to continue to discount the customer's deposit despite being offered a contract with BRCCC.

While BRCCC contracting with all depots may not address all instances of 'discounting', the more important and definite result of potentially contracting all depots would be the decreased efficiency of the recycling system of beverage alcohol containers due to a decrease in the backhauling of empty containers through existing, efficient transportation logistics and such less efficient system would not necessarily result in more containers being recovered. BRCCC ensures high customer accessibility where 80% of the BC population are within a 10-minute drive of an authorized location while also providing customers a variety of return options to receive their full deposit for empty beer containers.

BRCCC will continue to work hard to mitigate any consumer deposit discounting by expanding the number of collection points in accordance with its siting criteria to ensure convenient and comprehensive network of drop off sites, that are within the 10-minute drive threshold for 80% of the BC population.

While customer experience and convenience are important to BRCCC, it must also ensure its collection and processing network does not create redundant services between collectors resulting in overall system cost increases due to inefficiencies. BRCCC works to balance service convenience, program performance and overall cost efficiencies. BRCCC has also made consumer awareness commitments to ensure customers are aware of authorized return locations where they can receive a full deposit refund.

BRCCC will perform a program coverage review annually to assess any key changes in its return network and any new inquiries pertaining to its program performance in specific areas. In addition to mapping BRCCC's program coverage using GIS, BRCCC also reviews the number of returns per capita and population per contracted site by regional district. Additionally, BRCCC commits to share the results of its annual coverage review and GIS study against suggested primary factor population targets by community type based on the "Enhancing Consumer Access to Recycling Services Under EPR" study commissioned by the MOECCS. This helps to identify key priority areas for additional coverage if needed and/or if there are areas that require closer monitoring. As mentioned, BDL will keep depot applications on file should additional coverage be required in the future. This avoids the need for depots to apply on an annual basis. If a depot is not awarded a contract in any given year, a one-time written explanation is provided by BRCCC; however, if a depot wishes to provide updated information, then they may contact BRCCC to update their application.

BRCCC may also issue a request for information to potential service providers for future siting to gain a better understanding of service capabilities and costs to collect and manage products covered under BRCCC's stewardship plan.

3. Compensation Methodology

In a market economy negotiation between parties determines the prices at which value is exchanged. In EPR based supply-chain agreements where there is open negotiation in good faith, service providers negotiate prices at which they can provide services to both cover their cost and make profit while producers and their agents seek best value in terms of environmental effectiveness and efficiency (as reflected in part in price).

The objective of the contract negotiation process is for each party to be satisfied with the rights and obligations assigned to them and to help ensure that the terms of the agreement are favorable for both parties to reduce any possible risks.

Accordingly, BRCCC's compensation methodology involves reaching an agreement with its collection partners through a contract negotiation process. As described above, contract negotiations between parties is the preferred process by which BRCCC and the collection partner (LDB, LRS, depot) seek to reach a legally binding agreement on the terms and prices of services provided.

A further benefit of contract negotiation is that it removes the complexity and risk associated with third-party involvement and allows existing and potential service providers to engage directly with BRCCC to address any concerns. Specifically, BRCCC will provide a draft contract to individual depot partners based on the services they provide. This methodology encourages market competition, innovation and drive for operational efficiency.

Prior to drafting the contract, BRCCC will engage existing and potential service providers through in-person or virtual meetings, webinars or surveys that invite feedback on any and all key issues. BRCCC will provide its stakeholders an understanding of how it arrived at its proposed fees rather than presenting set fees or a fee structure. The result of this methodology is proven successful when an agreement between both parties is reached.

a. Basis of compensation

For BRCCC contract negotiation process is by default the methodology for basing compensation. Pricing is central to the contract renewal process and does not include a presentation of fees or a fee structure. Rather BRCCC provides for an opportunity for a counter-party to deliberate over the provisions of the contract with the intent to reach an agreement on price and terms based on the services required by producers.

Since BRCCC does not ask service providers for their financial information to base cost assumptions, it is the responsibility of the service provider themselves to provide input on the provisions of the contract including proposed pricing during the deliberation period. In preparing a price proposal for negotiations BRCCC will give consideration to:

- Current and historical fees for each product category as baseline
- Fee change requests obtained from service providers during initial engagements prior to the negotiation process
- Provincial handling rate and system comparisons across Canada using published data

- Consumer Price Index and inflation trends using forecasts from BC Stats and Statistics Canada
- Provincial labour costs and wage increases across BC industries using BC Bargaining Database

BRCCC will work with stakeholders to respond to any questions on how it priced its proposed fees and will make adjustments if issues raised are valid. It is important to note that any BDL-specific services, such as keg handling, that do not relate to the products covered under BRCCC's stewardship plan are addressed directly with BDL. Understanding that each depot will have their own individual concerns and needs specific to their business, this methodology aims to encourage system flexibility to drive operational efficiency and optimized environmental performance.

b. Contract Negotiation Process

BRCCC initiates discussions with service providers early in the negotiation process to establish the basis of compensation, address questions and to avoid any significant changes once the contract is drafted. BRCCC has also considered comments from historical negotiations to help ensure a fair and transparent engagement process. As each party has its own principles and objectives surrounding issues such as risks, liabilities, and potential outcomes, both parties will be able to deliberate over the contents of a contract should a party wish to suggest changes to the terms offered, correct or clarify language, or if the language does not support all their objectives.

Should a collection partner need help interpreting the contract's language, BRCCC will help to provide any needed clarifications. Once concerns and/or suggestions have been tracked in the draft contract, a redlined version of the document will be returned to BRCCC to address further changes. This document will continue to circulate among both parties and the process is completed once there are no further changes to be made. At this point, the contract is ready for execution by both parties. This process will occur over a minimum of 60-day period to ensure each party has sufficient time to thoroughly consider comments and/or to deliberate over the provisions of the contract before reaching a final agreement.

Note that processes specific to each collection partner type are outlined below.

LDB

BRCCC works directly with the LDB to reach agreed terms for container and packaging services.

LRS

BDL may work directly with LRS owners on the terms of the operating agreement or through partnership with B.C.'s Alliance of Beverage Licensees (ABLE) to provide additional outreach and to coordinate system level feedback from LRS members.

Depots

The objective is to finalize contract terms between BDL and depot partners, both existing and potentially new partners. All contracts outline the responsibilities and roles of the depot, schedules of payments and payment terms and general business obligations such as insurance and assignment. Contracts also include provisions that deal with audit and inspection rights, representations and warranties, communication between the parties, the contract term and the termination rights of both parties. Dispute resolution is covered in a separate section of the contract.

The contract negotiation process will be a new process in that BRCCC will ensure transparency to the extent possible. This includes recording and sharing key comments received from depots while further assessing, deliberating, and responding in a transparent manner to all depots. All matters of process, fee considerations and proposals and/or counter-proposals will be communicated and have ability to have questioned or clarified until an agreement is reached.

Contract terms generally are five years in length with an automatic renewal for an additional year unless advance written notice by either party is provided within the required timeframe of 180 days. Contract term duration may be adjusted as needed according to the agreement by the parties.

A Depot Guidebook which provides more detailed information and operational instructions is included as an Appendix to the contract and intended as a day-to-day reference for depots.

In addition to a draft contract, service providers are provided with a description of minimum service standards and associated handling or management fees. All collectors, as part of their obligations in servicing the program, agree to a spot audit for the purposes of measuring quality control.

4. Consultation Process with Interested Parties

BRCCC's amendment on Producers Paying the Cost of Obligated Materials and Dispute Resolution Process will be publicly released for a minimum 45-day formal consultation period. BRCCC will schedule a series of online meetings at various times to provide several attendance options to allow stakeholders to ask questions and provide feedback throughout this period. MOECCS staff will be invited to observe these meetings. BRCCC will also try to accommodate in-person meetings if requested. The consultation document will be posted publicly on BRCCC's website.

Key stakeholder groups who will be invited to this consultation include the following:

- BC Liquor Distribution Branch
- LRS locations. BRCCC is coordinating with ABLE to help provide outreach to LRS members
- All depots, both existing and potential new partners

Stakeholder groups will have the opportunity to share their comments and concerns to determine their satisfaction with the methodology described. Once feedback is received, BRCCC will provide a summary of perspectives, issues raised and changes to this document as a result of the consultation. BRCCC will follow-up directly with stakeholders on how feedback was addressed as required.

BRCCC remains open to opportunities to promote program awareness and to ongoing stakeholder input from all parties to demonstrate that producers who appoint BRCCC as their stewardship agency are collecting and paying the full cost of collecting and managing products. Contact information is provided on BRCCC’s website or stakeholders can contact BRCCC representatives directly.

5. Dispute Resolution

Return locations play a pivotal role in ensuring positive consumer experience and overall program performance. If a return location is found to be in violation of its contractual commitments or legal obligations, BRCCC will take appropriate measures within the terms of its agreements to rectify any issues and to ensure compliance with existing provisions. All BRCCC agreements with the LBD, LRS locations, standard depots, consolidation agents and processors include dispute resolution terms and procedures.

BRCCC aims to balance the principles of access, equality, efficiency and awareness outcomes in its dispute resolution procedures. Dispute resolution procedures are based on the nature of the dispute so that disputes can be managed and brought to resolution as quickly as possible to avoid need for arbitration and to reduce cost and needed resources for all parties involved.

Dispute resolution procedures	
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Level 1	Notification and discussion with BRCCC Chair and/or BDL senior management
Level 2	Facilitation to prevent further escalation and to explore solutions or remedies
Level 3	Mediation to be used if facilitation is unsuccessful. Process to be specified in contractual agreements regarding selection of mediator, roles of parties, time and place of mediation, conduct of mediation, length, responsibility for costs, confidentiality, conclusion of mediation by agreed settlement or final settlement proposal by the mediator.
Level 4	Arbitration to be used if mediation is unsuccessful. Process to be specified in contractual agreements regarding notice of arbitration, submission of written statements, place and conduct of meetings and hearings, the process for rendering and delivering decisions, jurisdiction and powers of the arbitrator, allocation of costs, application of the B.C. <i>Arbitration Act</i> .

For standard depots, consolidation agents and processors, the dispute resolution process is contained in a separate schedule in the agreement which outlines the escalating steps to be taken in the event that a dispute arises. If a dispute is unable to be resolved during the initial notice period then either party may initiate mediation of the dispute in accordance with the National Mediation Rules of the ADR institute. If the dispute cannot be settled within the indicated duration period when a mediator has been appointed, then the dispute shall be referred to and resolved by arbitration under the National Arbitration Rules of the ADR Institute.

APPENDIX

Stakeholder Consultation Summary

Amendment to *Producers Paying the Cost of Obligated Material and Dispute Resolution*

BRCCC's plan amendment to *Producers Paying the Cost of Obligated Material and Dispute Resolution* ("PPC") was posted for stakeholder consultation on its website on March 10, 2023. The deadline for feedback was Tuesday, April 25th, 2023 (a total of 46 days). Comments were submitted to stewardship@BDL.ca. Affected stakeholders were notified by e-mail and/or virtual meeting including ABLE BC, BC Liquor Distribution Branch and all depots.

BRCCC provided a series of online meetings at varied times for depots to ask questions and provide feedback during the consultation period. MOECCS staff were invited to observe these meetings.

Meeting Dates:

Thurs, March 23, 2023 - Contracted depots - 10am Pacific

Mon, March 27, 2023 - Contracted depots - 12pm Pacific

Thurs, Mar 30, 2023 - All depots - 10am Pacific

Mon, April 3, 2023 - All depots - 3pm Pacific

Wed, April 5, 2023 – Contracted depots - 6pm Pacific

Fri, April 14, 2023 - Contracted depots - 8am Pacific

Written comments were received from the following stakeholders during this consultation period:

- Cara Heck, BC Bottle and Recycling Depot Association Chair
- Janet Lee, Ucluelet Bottle Depot
- Andrew Kim, Lee's Bottle Depot

Summary of Key Topics:

Topic	Key Questions	Response
Negotiation Process	- Will BRCCC be supporting Depots to negotiate collectively through the BCBRDA (i.e., Depots can unify and negotiate more fairly through collective)?	- BRCCC is not preventing the depots to share and deliberate collective concerns; however, BRCCC will hold meetings with depot partners individually to understand and verify operational concerns while ensuring a non-threatening and transparent process where depots may share commercially sensitive considerations in a private setting - It is important to note that contracts are legally executed by each individual depot business

<p>Price proposal</p>	<ul style="list-style-type: none"> - Is BRCCC just price setting? - How will BRCCC address the fact that handling fees are higher in other programs/jurisdictions? 	<ul style="list-style-type: none"> - BRCCC is not price setting but allowing a means for depots to deliberate over contract terms - BRCCC’s ‘negotiate and agree’ process intends to provide a new process where comments received from depots will be assessed, deliberated and responded to in a transparent manner to all depots so that all considerations and proposals and/or counter-proposals are justified and have ability to have questioned while also providing clear answers, however, the BRCCC reserves the right to pay depots different fees or rates based on services provided and any other relevant considerations to an individual depot
<p>Ensuring Equity and Transparency</p>	<ul style="list-style-type: none"> - How will BRCCC ensure equity and transparency to meet the requirements of Section 5(1)(c)(i) of the <i>Recycling Regulation</i> given the power dynamics? 	<ul style="list-style-type: none"> - Removed any unfavourable language based on feedback received - BRCCC has not rescinded any depots contracts despite any past disputes - BRCCC has noted it will ensure transparency to the extent possible during the contract negotiation process in the plan
<p>Depot application process and Siting Criteria</p>	<ul style="list-style-type: none"> - Depots have applied for a license and have not received license for years. How will BRCCC address this? 	<ul style="list-style-type: none"> - BRCCC has introduced authorized location siting criteria in its plan along with a new selection process and annual coverage review. This will provide transparency to BRCCC’s decisions.
<p>Addressing Discounting & Accessibility</p>	<ul style="list-style-type: none"> - How does BRCCC plan to address discounting? 	<ul style="list-style-type: none"> - BRCCC has added to its Schedule 1 EPR plan that “In light of the recent “Enhancing Consumer Access to Recycling Services Under EPR” study commissioned by the MOECCS, BRCCC commits to share the results of its annual coverage review and GIS study against suggested primary factor population targets by community type. As this policy approach is still in development, BRCCC commits to revisit the above target (80% population within 10-min) once finalized.” This may affect

		how BRCCC currently determines required coverage.
Dispute Resolution	- Depot partners would like BRCCC to bolster the Dispute Resolution section of the stewardship plan	- Additional information has been added to BRCCC's dispute resolution process that includes principles of access, equality, efficiency and awareness - BRCCC has not rescinded any depots contracts despite any past disputes - The intention is to work collaboratively and to resolve any disputes as expeditiously as possible.

Depot Meetings

Please refer to attachments that follow this section for the presentation slides that were used during consultation sessions.

1. March 23rd, 2023 - Contracted depots

Attendee Name	Organization
Rachel Morier	BRCCC
Jeff Zabalet	BDL
Michael Gentile	BDL
Tyler Atkinson	Adanac Recovery Ltd.
Paul Shorting	Regional Recycling
Lawrence Engelsman	Chilliwack Bottle Depot
Michael Wadson (<i>observer</i>)	MOECCS
Nojin Lim	Powell Street Return-It
Cara Heck	Columbia Bottle Depot
Taylor Love	Adanac Recovery Ltd.
Maie Lee	Barriere Return-It
D'Arcy Hipwell	Adanac Recovery Ltd.
Dan Dahl	Adanac Recovery Ltd.
Jay Aarsen	Interior Recycling

Summarized questions and answers during this webinar:

1. Jay Aarsen - Q: To understand your process, is the consultation starting with the contracted depots here and then are the consolidators included in this or is that going to be a separate conversation?

A: It stated in the email invitation that contracted depots and then all our depots, including non-contracted, regardless of type of agreement, are also welcome to provide their feedback during this consultation period.

2. Jay Aarsen - Q: Can you confirm that during this consultation period the problematic concerns raised previously from the consolidator point of view will be addressed? Can we work directly with you to make any necessary changes?

A: We want to ensure that our process has been clearly outlined before we have further discussions on the consolidator concerns because, as noted in the process, we plan to have in-depth conversations with our depot partners before drafting any contract.

3. Jay Aarsen - Q: What steps is BRCCC going to take to reduce the consumer confusion related to discounting deposit returns because it's one of our main concerns.

A: We have established siting criteria to help inform how siting decisions are made and to better inform customers collectively on where they can go for a full deposit refund. For example, we have some authorized locations that are next door to a non-contracted depot. Addressing these concerns happen on multiple fronts – we are talking with non-contracted depots, we are talking with Encorp Pacific and we also engage with the ministry trying to understand where they are hearing complaints. We log discounting complaints to understand where we are seeing major trends to be able to address it.

4. Jay Aarsen - Q: BRCCC’s return rate has always been in the 90s and has dipped down in my opinion. Are you going to push for higher targets and return rates? Wouldn't this be some sort of driver behind how you establish your siting criteria and accessibility in your parameters?

A: We can make comparisons between programs and the reasons why the return rate dropped when the pandemic had a significant reason behind that. Our latest numbers from our annual report that will be coming out this year indicate that BRCCC is back to pre-pandemic levels. As such, we currently do not have major concerns with our network or performance.

5. Paul Shorting – Q: Regarding the Encorp pilot - Any insight in regards to the position of the future and beer cans? What is being done to prevent this from happening in the future with the PROs involved?

A: Encorp and BRCCC have been discussing the development of a MOU between the two programs so that there is a shared understanding of common principles regardless of who is leading the respective organizations.

2. March 27th, 2023 - Contracted depots

Attendee Name	Organization
Rachel Morier	BRCCC
Jace Hunter	BDL
Diane Harris	Dollars and Cents
Emily Kim	Courtenay Return-It
Roberto Melfi (<i>observer</i>)	MOECCS

Dave Woolley	Vanguard
Paul Shorting	Regional Recycling
Lawrence Engelsman	Chilliwack Bottle Depot
Sam Lotzkar	Regional Recycling
Dave Depocas	Chilliwack Bottle Depot
Clare Heck	Columbia Bottle Depot
Aziz Barna	Revelstoke Bottle Depot
Rod Lotzkar	Regional Recycling
Jay Aarsen	Interior Recycling
Jeff Zabalet	BDL

Summarized questions and answers during this webinar:

1. Paul Shorting - Q: There is a few of us still a little confused on this compensation slide. One part says that BRCCC will provide stakeholders an understanding as to how it arrived at proposal fees and then next halfway down it says it will not be presenting set fees or a fee structure. Can this be clarified?
A: The proposal fees mentioned is a starting point for discussion based on what we believe the prices should be. If the proposal is incorrect then we would deliberate – that is how contract negotiation process works. Again, we are not price setting. It is to start the conversation and deliberate.
2. Paul Shorting - Q: BRCCC is going to go up to each individual operator to sign an individual contract.
A: We can absolutely talk about shared concerns around pricing with the BCBRDA, but in terms of legal signing, the contracts are individual. There are individual concerns to be addressed such as regional considerations that affects pricing so there is opportunity for individual discussion as needed.
3. Jay Aarsen – Q: Meetings are individualized but you just mentioned taking into account regional considerations. If a region gets together and wants to meet then is that something you're willing to do?
A: The operations of one business can be very different than another region so if we were to have the same price across the board then that would provide substantial compensation for that region over another which would be unfair. We would need to be able to kind of deliberate over what pricing should be according to the needs of that area. We would have to understand what discretionary and non-discretionary costs are and based on feedback.
4. Jay Aarsen – Q: One of the things that keeps coming up with the stewardship agencies is that there is an unfair power dynamic. Is there a way that you are going to explicitly have a “fair rate of return” written into your EPR plan so that there is some assurance and trust in the system?
A: The challenge is that a “fair rate of return” is open for interpretation. The fairest way is allowing this negotiation process so that you have the ability to provide us with feedback and we can, in turn, collectively respond and better understand what you mean by a “fair rate of return”.

5. Jay Aarsen – Q: How about a best-efforts clause or something similar? Is that something you would put in your plan?

A: We can continue to discuss but I am unsure how it might be addressed differently than what we have already articulated.

6. Emily Kim – Q: I heard a rumor that Alberta depots are getting \$0.06 for beer cans. Is that true? We are both handling beer cans and there may be administrative fees that are different, but I think minimum wage in BC is higher. Just I don't understand how they are getting triple what we're getting.

A: If we look at provincial comparisons, the two systems operate very differently and have very different administrative costs. We understand BC experienced an increase of costs due to inflation, etc. which we would factor in but the question is not relevant in this discussion.

7. Emily Kim – Q: What is the BRCCC's backup plan if an agreement is not reached?

A: There is a dispute resolution process in place. If we don't come to agreement then we still have an obligation to maintain coverage and accessibility in the area. We work in good faith with the depots and our partners which we have been doing this for a very long time. As such, we will continue to try to work out the best solution going forward. If you feel that there is a different dispute resolution process that is needed, then we welcome that feedback.

8. Emily Kim – Q: If the negotiation goes extends beyond the end of June 2023, will we get a retroactive fee increase?

A: It would be part of the negotiation.

9. Clare Heck – Q: I just wondering about what consideration will be given to interim fee increases based on a recognized set of cost drivers. I believe it's critical because over the term of the last contract we lost considerable ground with inflation and cost increases.

A: Yes, we can consider this. We do want to get feedback as soon as possible so that then we can move forward with the actual contract negotiation process itself, rather than this consultation, so we can definitely get into those details following this consultation.

10. Clare Heck – Q: Are you going to propose it or you waiting for us to propose it?

A: That would part of the deliberation process. You can propose it and we would negotiate. There is discrepancy between the different services provided so we are trying to understand how we continue to present a model that fairly represents the cost of the system.

11. Jay Aarsen – Q: Based on other stewardship agencies, they base their pricing based on preset budget, so I am wondering if BRCCC has a pre-set budget to?

A: There is a budget like every business but we have had to anticipate the best and worst case scenario outcome. It's flexible because we obviously need to negotiate while also being as cost efficient as possible.

12. Jay Aarsen – Q: In your presentation, you referred to consolidators as depots.

A: We can update the wording to service provider to prevent confusion regarding public facing depots and non-public facing depots – will clarify for next presentation.

13. Aziz Barna – Q: I would like some understanding on efficiency and have a sense of comparison. In the documents, there was a no mention of comparing the structure fee to any other programs. How much are you thinking about a direct daily comparison that we are doing with the aluminum cans we are collecting for Encorp? The efficiency process for BDL is lacking a lot as compared to Encorp and the fee is half of that. For example, in terms of glass, we are collecting three types of refillable glass. We cannot fill up a pallet of [one type] in a year and that takes space, requires a lot of work, and costs us a lot while being paid one-third of what Encorp is paying for glass. This is not fair for us when we are running the daily operation and see every day. How we can improve the efficiency on these things in terms of counting the bags, we are using smaller bags for BDL, so it's not efficient, it takes more space. It takes lots of time for loading and we have a standard 1800 units to go in one back while in terms of Encorp we can go with an exact number and we can fill it up as much as we can. So, it takes more time for collecting and making that 1800 because sometimes the customers come with a bag of pre-count of 200 units while our bag needs only 45 so we have to manually count, which takes time. We don't see the efficiency while the comparison is always there. We are not paid for what we are doing, and the efficiency is not improved and we don't see any changes on these areas. This is a feeling that I had I wanted to share.

A: If you have issues with how glass is collected and how cans are sorted then the proposed methodology will allow you to come to us and tell us what you will negotiate in terms of price and based your cost efficiency realities that you've just mentioned. To provide you with a response, we would then strive to understand if your feedback expresses a collective concern. We would go through a deliberation process with you over 60 days, which includes all provisions of the contract - that is our process in justifying our compensation.

14. Aziz Barna – Q: Are you suggesting a base rate or we are suggesting? And, what is this April 25th date or is it June 10th? – It is a bit confusing.

A: The April deadline is for this consultation period on this contract negotiation process that we have outlined. Once we receive feedback by the April deadline on this process, then we will allow the opportunity for service providers to come back to us on what their pricing expectations. We are not putting a price proposal out. We are suggesting a price, but then allowing partners a 60-day deliberation period.

15. Jay Aarsen – Q: The BRCCC had committed to meet with us semi-annually, and I know that it did not happen due the COVID. Is the BRCCC still going to move ahead with this type of forum? Is that something we can do after this consultation process is finished.

A: Yes, let's do that. This is not related to the consultation, but we can absolutely arrange that.

3. March 30th, 2023 - All depots

Attendee Name	Organization
Rachel Morier	BRCCC

Jace Hunter	BDL
Randy Park	Edmonds Depot
Lawrence Engelsman	Chilliwack Bottle Depot
Dave Depocas	Chilliwack Bottle Depot
Dave Woolley	Vanguard
Vince Spronken	Island Return-It
Katrina Forrest (<i>observer</i>)	MOECCS
Mike Nestor	Denman Island Bottle Depot
Cara Heck	Columbia Bottle Depot
Richard Robertson	General Grant's Kamloops
Andrew Lee	Mount Pleasant Bottle Depot
Taylor Love	Adanac Recovery Ltd.
Sam Choi	Poco Return-It
Dan Dahl	Adanac Recovery Ltd.
Savannah Paine	Willowbrook Recycling
Jeff Zabalet	BDL
Sarah	<i>Not specified</i>
Han	<i>Not specified</i>
Martin Kim	Scott 72 Return-It

Summarized questions and answers during this webinar:

1. Mike Nestor - Q: I went to BRCCC's website at the location tool that you mentioned and I noticed that in our area, which is the Comox Valley, you still have the Comox depot listed as available. Unfortunately, it closed several months ago. They've replaced it with an Express and Go. I'm the manager of the Denman Island Bottle depot and I've always wanted to get an updated list of the containers that are covered under BDL. Typically, we ship our containers to Courtenay Return-It and I believe they are a licensed BDL depot. I couldn't find the list of the Brewers that are participating in BDL. I'm wondering if I can get that.

A: We will update the website regarding Comox. We can provide you with a sorting guide that outlines all the products under our program. We can follow up directly with you.
2. Randy Park - Q: I have a comment for unlimited returns site – you mentioned a 10-minute drive threshold. I think it would improve the collection network and reduce amount of carbon emission emitted by customers if you also take amount of traffic into the consideration, not just driving time. For example, my depot is located right by a high traffic commercial area where people come and shop their groceries every day and on a major route for commuters in New Westminster, but the other unlimited return site is located on the opposite side of the other community in the middle of nowhere in the industrial zone where accessibility is much lower and need extra carbon emissions for customers to get to.

A: We've updated the application form on our website so if you're interested in sharing specific information about your region then we will take that into consideration. Under the siting criteria we have noted other considerations such as public transit accessibility so these are important considerations to highlight. We can then evaluate and have a better understanding of the volume. We paused applications in the past year due this

consultation to first make sure we captured all the comments and then we can refresh the process accordingly. Of course, we will take into consideration the latest activity in the past year to determine how many more sites require contract consideration.

3. Richard Robertson – Q: My family has had discounted BDL bottle depot since the 1970s, and over the years we have approached BDL on several occasions – the most recently being the beer can fiasco that Encorp did a couple summers ago. We have never really been felt like you value us. Our depot goes north of five figures in beer cans every week, even though we probably have five LRS and a government liquor store within a 10-minute drive, but because of your considerations for your depot coverage, we are kind of ignored and we have to do business with another contracted BDL depot.

A: Your comments are appreciated. Historically, because we have relied on our reverse logistics system as there are environmental impacts associated with having to make an additional pick-up. I acknowledge that there is changing consumer behavior, especially when there was a suspension of returns during COVID. What we are looking at is if the LRS locations nearby still accepting the volumes as required and if not then we can re-evaluate your region. If they are then we would still take priority over those locations because that is how the system was designed. However, if there are significant changes in that area or if there is a sufficient population change that requires additional support that we did not capture in our analysis then we will take that into account, but we would need to see what has drastically changed over time.

4. Richard Robertson – Q: With regards to a more level playing field for everyone, I would like to speak to your presentation of your methodology for the fees and things it doesn't address is the imbalance between one depot and BRCCC. By isolating the negotiation process to each individual depot, we don't have the resources and the financial professional support in time to negotiate our own contracts. I'm wondering if there could be a little recognition that there should be more of a comprehensive negotiating to try and get rid of us terrible discount depots, because I think most of us on this call fall into that category. Thank you.

A: Collective concerns can be addressed. What we're trying to highlight by having individual discussions is that there might be certain cost discrepancies in one area that is different in another area. The methodology allows cost discrepancies to be taken into consideration and make sure that depots working as efficiently as possible is compensated appropriately, whereas we do not want to be overcompensating for depots not running their business efficiently. We have to understand the uniqueness of individual businesses knowing that everybody operates quite differently from one another. It's having a bigger picture understanding of the nuances. The various depot associations can share those kinds of concerns with us, but we would also like to interact directly to receive information.

5. Vince Spronken - Q: I have a question about the licensing of depots versus liquor stores. 2,000,000 containers a year of BDL containers, but the liquor store that's closest to us doesn't even come close. Should we not get some consideration for a pickup by BDL or BRCCC? Because we'll have a greater amount and load, and it will save a lot of trucking and handling if the BRCCC BDL just picked up directly from us. I am wondering what how that works in consideration to your siting of a depot.

A: There could be a volume shift due to a situation like COVID where it arguable how much should be directed back to the liquor stores – we promote our program so people know where to go. Then there's a longstanding behavior change where we'll investigate if that liquor store is really equipped to accept the volume of containers versus the depot. As such, those are various considerations to make and not just strictly based on volume. If we're seeing volume shift and understanding where we are doing pickups and doing it efficiently, then that not only just impacts cost, but the environmental aspect is well. These factors are all taken into consideration. We are also cautious of depots servicing liquor stores and pooling volume away from our network that we've already designed to be as efficient as possible.

6. Vince Spronken - Q: If I were to do a little bit of research to my local stores that have the full refund with no maximum amount and I found out our volume in the area is considerably more, even though we don't have any pickup or collect from any liquor stores in the area, then would that be important information for you to consider if I were to apply?

A: You can include it. I would note that LRS sites that just adhere to 24 containers a day limit typically have lower volume so it is to be expected. We also consider the population of that area so if we were talking in a population greater than 4,000, for example, and the other locations surrounding it.

7. Vince Spronken – Q: I have a question on the pricing and setting of the handling rates. BRCCC is looking for depots or a group of depots to come up with a number that we think would be an ideal for a numeration based on our experience - Is that one angle that you are looking at? If I were to look at cost studies done by other agencies on beverage containers that set a price for cans as of five years ago that they thought was a reasonable price. Would that not be a benchmark number for BRCCC to look at?

A: What we have articulated in how we would initiate the price discussion is based on the current rates as the baseline with built-in assumptions. We're looking across the board as we know that there's been discussions on the rates in Alberta. We will initiate discussions to determine what is correct or incorrect and how that will affect businesses to make sure that we are compensating fairly. What we are looking for is feedback-based.

8. Martin Kim – Q: Will I be able to get the recording or transcription of this meeting afterwards?

A: We are recording this meeting in terms of taking the Minutes in the summary.

4. April 3, 2023 - All depots

Attendee Name	Organization
Rachel Morier	BRCCC
Jace Hunter	BDL
James Song	Summerland Bottle Depot
Hyun Jang	Jenill Bottle Depot
Maie Lee	Barriere Return-It
Savannah Paine	Willowbrook Recycling

Robert Au (<i>observer</i>)	MOECCS
Cara Heck	Columbia Bottle Depot
Tracie	Sapperton Bottle Depot
Ik Su (Alex) Choe	Agassiz Bottle Depot
Randy Park	Edmonds Depot
Vince Spronken	Island Return-It
Jay Aarsen	Interior Recycling
Sapperton Bottle Depot	Sapperton Bottle Depot
Chris Kim	Gibsons Bottle Depot

Summarized questions and answers during this webinar:

1. Tracie - Q: You mentioned that in order to give a new license to a depot, you look a few indicators like growing populations. If we fulfill all the demands that you are looking for, then how many months it will take for BDL to issue a license?

A: , I appreciate your interest in applying for a license. Any updated information that helps to improve our coverage is greatly appreciated. Our application process will be aligned with the timing of our annual coverage review. If you apply now, then it will be summertime to review the application and the coverage. The reason why we do that is because once our annual report is submitted, we understand our lasted audited performance and we can identify the gaps in our coverage to be addressed.

2. Tracie – Q: In the annual report, will you mention your methodology and how you came to a conclusion?

A: No, we don't publish that. The reason why I mentioned the annual report is because it covers the previous years so if we know that our coverage and our performance has decreased and/or if we have not met our performance target, then we'll need to make sure that we support continued returns. We will look at all the applications received and prioritize key locations and provide a written explanation of why the application has been accepted or not. If coverage in your area is not required that year, then we will keep the application on file. If there is any kind of further information that we need to support your application, then we will follow up with that applicant.

3. Janet Lee – Q: Do you have any plan with beer cans in Express because 60 to 75% are beer cans and there's no extra sorting fee paid. BRCCC is not doing anything about it so is there going to be an extra sorting fee for beer cans through Express or is beer cans going to be removed from the Express program?

A: . I know the Express program has been kind of top-of-mind for depot participating in the program. When Encorp introduced the Express program, it was targeted towards Encorp containers and beer cans were incidentally collected. We are in discussion with Encorp regarding the incidental collection of beer containers. This consultation process is on the methodology and how we ensure your concerns are addressed. We will take into consideration depot investments and technologies when we are determining the price negotiated on in the contract discussion.

4. Vince Spronken – Q: If a depot decides to start doing Express, will they have an option to contact BDL and say, “Hey, we're starting to do Express. Can we get this new handling rate?”

A: Again, I think that is the whole purpose of this consultation of the proposed methodology is understanding that there is opportunity to deliberate over the provisions of the contract. So, if there is something that you want to include for future consideration, then you have a platform to deliberate and address those concerns.

5. Vince Spronken – Q: I decided to phone up one of the local BRCCC full unlimited returns place in one of my areas. I asked one of them that was a smaller one that if I had a higher volume of cans, like 500 cans, would they accept it? They were basically saying that they prefer you go to a Return-It depot if you have that many containers. So, unlimited cans for these smaller BRCCC unlimited return places but they kind of don't want to collect that many. I think that has to be considered. How many depots that are actually discounting are contributing to BRCCC's 90% return rate?

A: To address your first point on the unlimited locations, we are working with ABLE partners to have consistent communication on unlimited returns and ensure that if they are partnering with us, then there is consistency of service. Among our contracted depot partners, we talk about dividing up the pie when more licenses are issued and how to fairly compensate. It's challenging because it's a system that has worked very efficiently but we don't necessarily have visibility. It is the reason why this application process is important to have a better understanding on how containers flow outside of our network because we are counting it but not just seeing where it necessarily comes from. Because it is a consolidation point for those containers, it is hard to discern how much is credited to what is discounted or not, however, during Encorp's beer can pilot in 2020, we noticed that was smaller volume depots at that point in time. With consideration to changing behaviors during the pandemic and factors, we want to provide the opportunity reset this process.

6. Savannah Paine– Q: I'm just wondering how does it work if you have a licensed depot owner who purchases a depot in another area that is unlicensed. Does the unlicensed depot inherit the license?

A: No, they do not. If a licensed depot has moved locations, they would still need to confirm with us before they get a license because it may conflict with coverage that already exists in that area. They would have to double check with us before they receive that license.

7. Tracie – Q: Why doesn't every location have a license like Encorp? I'm from the other franchise world where the franchiser will have to license automatically – all the franchisees got the license by default. I'm just wondering if you can explain why every location has to have an individual license.

A: Encorp and BRCCC are two separate programs. As a reminder, beer containers have been around for a long time and our network has existed prior to any regulation. Because of beer industry was built on a reverse logistics system, we had licensed depots to fill in coverage gaps. Encorp's system did not have the robust return-to-retail for their containers and established a different depot network to support the returns in their system, which doesn't necessarily align with the interests of the beer industry. In recent years, especially since the change of the deposit, we are seeing more overlap between

the two programs and customers not wanting to separate beer containers the way that they used to. We acknowledge that it is a challenge, but it doesn't necessarily mean that we give out licenses to match Encorp's system. There are challenges but there is also benefit to the depots by having competition in the marketplace. We want to encourage operational efficiency and reward good behavior with depots who provide good customer service and maintain a clean and healthy facility. We still want to cooperate with Encorp and have a little bit more understanding between the two programs to ensure that there's minimal discounting going forward. It is obviously a work in progress because our programs have been around for some time. It will take some time to get there and it's ever evolving but as of now, we continue to have two separate programs.

8. Tracie – Q: Just in future, if any other owners have any questions, we will have this kind of you know webinar every month or quarterly? Any suggestion on that?
 A: We had good feedback last September when we tried to do a call with a translator to make sure it was more accessible to provide information on BRCCC's program. We can look into it since this webinar is specific to this consultation but having an annual program information session for all stakeholders is something that will continue to do moving forward. It is a great suggestion and we appreciate the feedback.

9. Vince Spronken – Q: What is the timeline that we're expecting from BRCCC to give us more information on offers?
 A: The most important thing, especially for our contracted partners, is that are you okay to proceed with this methodology on reaching compensation. If the majority are against it, and instead support another methodology, like a cost study, then we would be unable to proceed. I am hopeful that we will be able to move forward. The comments will be due on April 25th. Our aim is to have a 60-day deliberation period, so we'll have a better sense toward the end of the month to kick off pricing discussions.

10. Vince Spronken – Q: Should we be sending in some feedback on what rate that we're thinking would be ideal and some reasoning behind it? Is that sort of what you might be looking for feedback?
 A: It is up to you if you wanna share that feedback. Either way, if you send it to us then we will still can take it under consideration and it will be public so it depends on what your comfort level. It is also up to you if you choose to send it as a group of depots or as an individual consideration.

5. April 5th, 2023 – Contracted Depots

Attendee Name	Organization
Rachel Morier	BRCCC
Jace Hunter	BDL
Cara Heck	Columbia Bottle Depot
Michael Wadeson (<i>observer</i>)	MOECCS
Dave Woolley	Vanguard
Paul Shorting	Island Return-It
Clare Cassan	Columbia Bottle Depot

Summarized questions and answers during this webinar:

1. Cara Heck - Q: I am unclear as to how the intended process will be carried out to achieve the methodology. What do you see as timelines and are you just going to start at the top of the list of depots and you're going to contact depots individually and go through it that way? We would like to know detailed steps so we can understand it and make an informed decision.

A: We understand that there are some groups that want to discuss as they have joint interests. We would welcome that as it is our interest to work as collaboratively with the Depot groups as possible. It is important to note, however, there are also some individual depots that have specific needs and we welcome the opportunity for them to share their concerns directly with us as well. We are open to discussion if there is a preference, and we can propose a process and include it in more detail.

2. Cara Heck - Q: How long do you kind of see the process taking to get to signed contracts or a conclusion?

A: The webinar states a 60-day deliberation period, but we would aim for the the initial discussions on the pricing proposal to start soon because of the timing to renew contracts. We would plan to initiate that as soon as possible once this consultation period is completed.

3. Dave Fowler - Q: As I was coming home from work today I heard on the radio that our minimum wage will apparently be increasing by \$1.10 starting next month which is a total surprise. Will we be able to include a clause that will take care of minimum wages being increased over 5-year term?

A: Labour and wages is part of the price and pricing discussions. Provisions of the contract would be part of the discussion and not just compensation to be paid to the depots. If we are revisiting when increases would occur throughout the contract term, then factors like you have mentioned would be considered.

4. Paul Shorting – Q: You mentioned the GLS and LRS going through the same type of process in regards to having an initial price proposal set to them and then individual groups are then going come back and discuss further. Can you walk me through that?

A: It's a contract negotiation process so we would work through what they believe is the proper compensation that is required and we would work through those steps with them. We would start at the baseline and then initiate contract discussions for the LRS locations. We are in discussion with ABLE BC regarding the unlimited returns program and outreach to their members as their contracts are not all due at the same time. We are collectively understanding their needs, which has evolved over the years.

5. Paul Shorting – Q: With consideration to Dave Fowler's comment and what we have all been through in the last two to three years - will there be some type of language in the contract or could we discuss putting some type of language in the next agreement?

A: That is part of having this discussion to determine what you need in the contract provisions because our responsibility is to make sure that you are satisfied with what you need to have in the contract to run a business. We value our partnerships so that would definitely be up for discussion.

6. April 14th, 2023 - Contracted depots

Attendee Name	Organization
Rachel Morier	BRCCC
Jace Hunter	BDL
Jeff Zabalet	BDL
Juliana Angelo	Terrace Steel Works
Dave Woolley	Vanguard
Clare Cassan	Columbia Bottle Depot
Maie Lee	Barriere Return-It
Paul Shorting	Island Return-It
Katrina Forrest (<i>observer</i>)	MOECCS
Emily Kim	Courtenay Return-It

Summarized questions and answers during this webinar:

1. Q: In the first webinar, you discussed that you were working with Encorp. Will that collaboration be made public?
A: No, but depots will be updated as needed.

2. Q: Have you had any proposals from any depots or operators with pricing coming forward?
A: We have had a couple depots share their thoughts on pricing.

The following table provides a summary of written feedback received on the PPC amendment, the individual and their association that provided the feedback, and how the feedback has been addressed in the revised version of the plan. All stakeholders that provided feedback were contacted by e-mail to confirm that comments were received with follow-up responses shown below.

Individual/ Organization	Comment/Questions	BRCCC Response
<i>Janet Lee, Ucluelet Bottle Depot</i>	<ul style="list-style-type: none"> - Complaint about beer cans entering Encorp’s Express program for over four years and handling rate has not increased - More than 60-70% volume at this depot are beer cans - Stated handling rate should not be under 5-cents - Suggests that BRCCC should back pay for past years since participating in Encorp’s Express program 	<ul style="list-style-type: none"> - Feedback is appreciated - Consultation pertains to <i>Producers Paying the Cost of Obligated Material and Dispute Resolution</i> and therefore comments are out of scope - BRCCC has noted these comments and will take into consideration during contract negotiation process

	<ul style="list-style-type: none"> - Suggested that when there is a \$1 raise in wage that the handling fee should increase by 1-cent 	
<p><i>Andrew Kim, Lee's Bottle Depot</i></p>	<ul style="list-style-type: none"> - Suggests that handling fee (including sorting) should be 5-cents per can and 6-cents per bottle - Suggests that handling fees are not consistent with increases in operational costs over the last few years noting that minimum wage has doubled and rent has almost doubled - Believes that depots should be paid 25% labour fee for beer cans and bottles that are collected through Encorp's Express program - Noted that Express bags with beer cans/bottles are generally wet, dirty and contaminated with garbage, etc. 	<ul style="list-style-type: none"> - Feedback is appreciated - Consultation pertains to <i>Producers Paying the Cost of Obligated Material and Dispute Resolution</i> and therefore comments are out of scope - BRCCC has noted these comments and will take into consideration during contract negotiation process
<p><i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i></p>	<p>Stated: "[BCBRDA members] are struggling to understand how the consultation addressed the rationale for its basis of compensation or provided and identified opportunities for ongoing input to demonstrate that producers are collecting and paying their cost. Among the reasons that we say this are:</p> <ol style="list-style-type: none"> 1. BRCCC has not addressed whether any new services will be required of Depots. 2. No clarity has been offered as to how BRCCC will assure equity in the system (i.e., fair pay for like services in similar contexts), an important provision of producers paying their cost, while also accounting for full coverage of fixed and variable costs (i.e., no cross-subsidization from other programs) in inequitable scenarios (e.g., higher market prices for space in certain market, higher labour, and insurance costs in certain markets). 3. The cost methodology in BRCCC's stewardship plan includes fee change requests obtained from service providers during initial engagements prior to the negotiation process and an intention to initiate discussions with service providers early in the negotiation process to establish the basis of compensation and address questions and to avoid any significant changes once contracts are drafted. 	<ul style="list-style-type: none"> - No new services will be required of Depots - BRCCC has provided additional information in the plan which states, "The contract negotiation process will be a new process in that BRCCC will ensure transparency to the extent possible. This includes recording and sharing key comments received from depots while further assessing, deliberating, and responding in a transparent manner to all depots. All matters of process, fee considerations and proposals and/or counter-proposals will be communicated and have ability to have questioned or clarified until an agreement is reached." - Fee change requests were submitted voluntarily and are being considered so as not to ignore feedback that has already been received. Statement of BRCCC's intention is misleading as no contracts have been drafted yet; rather, BRCCC has worked to encourage feedback to gauge expectations and foster discussion to understand what constitutes as equity in the system while still accounting for inequitable scenarios

<p><i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i></p>	<p>Stated: “In an environment free of power dynamics, ‘negotiate and agree’ could be a risky strategy for the BRCCC, as the outcome would truly depend on negotiations that result in an agreement on fees that Depots feel confident would reflect producers paying their full cost – or at least provide for a fair rate of return - before they sign contracts. This said, substantive power currently tilts toward the BRCCC, which, if left in play, reduces the BRCCC’s risk of paying the producers’ full cost and increases the risk that Depots feel pressured into signing contracts that do not provide a fair rate of return. This is a double-edged sword for Depots because agreeing to a contract that does not pay a fair rate of return (i.e., as a result of feeling powerless, unsure how, or afraid to challenge it) also has the potential communicate to the Statutory Decision-Maker for BRCCC’s stewardship plan (i.e., at the Ministry of Environment and Climate Change Strategy – or MOECCS) that they agree BRCCC has offered a fair rate of return.”</p>	<ul style="list-style-type: none"> - Comment on power dynamics is duly noted. - BRCCC’s ‘negotiate and agree’ process intends to provide a new process where comments received from depots will be assessed, deliberated and responded to in a transparent manner to all depots so that all considerations and proposals and/or counter-proposals are justified and have ability to have questioned while also providing clear answers, however, the BRCCC reserves the right to pay depots different fees or rates based on services provided and any other relevant considerations to an individual depot - More details on this process has updated in the plan amendment.
<p><i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i></p>	<p>Stated: “Leading into the table of BRCCC’s claims, we would like to highlight six statements that reflect the cumulative evidence presented in the table below. These include:</p> <ol style="list-style-type: none"> 1. Based on the content in the stewardship plan, BRCCC does not seem to recognize its power in the marketplace. 2. Given its power in the market, BRCCC’s cost methodology almost ensures that Depots will be forced to accept a cost model that does not meet the intent of the Recycling Regulation, including assurance that producers pay their full cost. 3. Many of our members indicate that they are afraid to speak up and challenge BRCCC because of the power dynamic in play, including the fact that Depots have previously been ‘punished’ for speaking up (e.g., losing or not being offered contracts). 	<ul style="list-style-type: none"> - BRCCC is working hard to rebuild relationships with our depot partners so that there is no question of any abuse of power or bullying - Intention of contract negotiation process is to allow every depot partner to be able to voice considerations unique to their depot to promote better understanding of depots’ experiences, build trust, and determine shared or discretionary concerns - There is no evidence that depots have been ‘punished’ for speaking up - BRCCC has not rescinded any depots contracts

	<p>4. BRCCC has removed one of the key ‘power-leveling’ opportunities for Depots – collective negotiation through the BCBRDA – by proposing to provide and negotiate contracts individually.</p> <p>5. There is nothing in either the stewardship plan nor previous contracts that explicitly assures Depots, as private, independent businesses, a fair rate of return for their services and the right to dispute handling fees and a fair rate of return through the dispute resolution procedure.</p> <p>6. While BRCCC’s ‘negotiate and agree’ methodology may, with changes to ensure fairness and equity, work to establish current costs, there is nothing in its stewardship plan that describes how it will ensure producers are paying their cost during the entire duration of the plan (i.e., what are the triggers that will entitle Depots to renegotiate or receive cost increases through the duration of the stewardship plan).”</p>	
<p><i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i></p>	<p>Regarding claim on page 5 of the updated ‘producer paying the cost’ section of its stewardship plan, BRCCC claims that it initiated contract renewal discussions in the past year and stated comments regarding communication and confusion on meetings over the past year</p>	<ul style="list-style-type: none"> - BRCCC recognizes the confusion of terminology used from the past meetings - PPC consultation is a new process and BRCCC looks forward to working collaboratively with BCBRDA to improve communications with depot partners going forward
<p><i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i></p>	<p>Regarding claim on page 8 of the updated ‘producer paying the cost’ section of its stewardship plan, BRCCC states that negotiation works for EPR supply chain agreements where there is ‘open negotiation in good faith’ (i.e., insinuating that BRCCC and Depots will negotiate within a competitive model and market economy) and expresses deep concern that BRCCC may consider a ‘competitive bid’ process and notably states ‘if required.’</p>	<ul style="list-style-type: none"> - BRCCC has removed ‘competitive bid’ language from plan - BRCCC would still like to be able to receive information from depots to help better understand processes and operational efficiencies to encourage best practices and be informed on methods or technologies that may be worth exploring further
<p><i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i></p>	<p>Related to BRCCC’s claims that its supply agreements will be negotiated openly and in good faith is the notion of a fair and competitive field between Depots and commented that BRCCC offered</p>	<ul style="list-style-type: none"> - BRCCC presented this for discussion and to receive feedback - BRCCC has since removed this scenario as an option

	<p>Consolidators with a public-facing Depot significantly higher compensation than Depots without at its September 2022 meeting with consolidators</p>	
<p><i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i></p>	<p>Comment which states: Where a monopsony does exist and 'open and good faith negotiation' is the desired outcome, then the monopsony must take a number of enforceable steps to mitigate the power imbalance. For the BRCCC, this must include the following in its stewardship plan:</p> <ul style="list-style-type: none"> • Ensuring that the relative bargaining power of Depots is balanced against its overt power by supporting Depots to negotiate collectively through the BCBRDA (i.e., Depots can unify and negotiate more fairly through collective power). • Ensuring there is as much transparency as possible about the market and the services required; any absence of information has a significant ability to affect the outcomes of the negotiation and, in this situation, advantage BRCCC. • Committing to pay producers' full cost, and ensuring this full cost is inclusive of both fixed and variable costs related to its program. • Committing to pay Depots a fair rate of return in its stewardship plan and contracts and ensuring that its dispute resolution procedure and contracts include the right for Depots to dispute handling fees and a fair rate of return. • Removing the threat of simply going to a competitive bidding process if it does not like the outcome of the cost methodology that it selected (i.e., negotiation with soled sourced service providers). <p>Removing the threat of Depots losing their contracts if they do not oblige BRCCC's expectations (i.e., the threat can be removed by evergreening contracts unless there is cause for termination).</p> <ul style="list-style-type: none"> • Providing explicit assurance to Depots that, based on the requirements of the Recycling Regulation, BRCCC has not pre-set a budget for service collection (i.e., as has been directly conveyed to the 	<ul style="list-style-type: none"> - As mentioned above, power dynamics is duly noted. - BRCCC's 'negotiate and agree' process intends to provide a new process where comments received from depots will be assessed, deliberated and responded to in a transparent manner to all depots so that all considerations and proposals and/or counter-proposals are justified and have ability to have questioned while also providing clear answers, however, the BRCCC reserves the right to pay depots different fees or rates based on services provided and any other relevant considerations to an individual depot - More details on this process has updated in the plan amendment. - Updated plan to state "BRCCC commits to pay the cost of collection and management of BRCCC containers pursuant to Section 5(1)(c)(i) of the <i>Recycling Regulation</i>" - Updated 'competitive bid' language from plan – see previous point - BRCCC operates on a cost recovery basis

	BCBRDA during the pre-consultation period) but, rather, is actively working to meet producers' full cost.	
<i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i>	<p>Stated: "The stewardship plan states that any non-contracted Depot is welcome to apply for a contract to provide unlimited returns at any time.</p> <p>We have members that have applied for licences for over 15 years and always been denied. BRCCC says this is due to a lack of demand, yet there are new contracts being offered to new Depots entering business in their immediate area."</p>	<ul style="list-style-type: none"> - BRCCC has introduced authorized location siting criteria in its plan along with a new selection process and annual coverage review. This will provide transparency to BRCCC's decisions. - BRCCC has also added to its Schedule 1 EPR plan that "In light of the recent "Enhancing Consumer Access to Recycling Services Under EPR" study commissioned by the MOECCS, BRCCC commits to share the results of its annual coverage review and GIS study against suggested primary factor population targets by community type. As this policy approach is still in development, BRCCC commits to revisit the above target (80% population within 10-minute drive) once finalized." This may affect how BRCCC currently determines required coverage.
<i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i>	<p>Stated: "The stewardship plan suggests that the BRCCC is not offering contracts to non-contacted Depots who hold contracts with Encorp and discount refunds on deposits on beer containers at their location because return to retail is the best option for British Columbians. Return to retail points of collection limit consumer drop off to 24 containers in most cases; any change to this depends on the benevolence of the retailer. This means that consumers must make many more trips to receive their refunds rather than simply visit a Depot and they are being forced to subsidize the BRCCC system. While we understand that BRCCC is trying to keep the system affordable for its members and enable them to continue using reusable bottles, it must also recognize that its own practice of keeping 'discount Depots' out of the system is pushing these Depots to support the consolidation of cans under Encorp. The BCBRDA does not believe</p>	<ul style="list-style-type: none"> - This is a misunderstanding and not BRCCC's intention. Return-to-retail offers environmental benefits through BDL's reverse logistics. BRCCC's Schedule 1 EPR plan also notes that according to the Decision Point Research study conducted for BRCCC in December 2019, approximately 33% of consumers identified a retail location as where they are most likely to return their empty beer containers.¹ Preference for retail locations was more pronounced among urban residents. - As mentioned in the point above, BRCCC has introduced authorized location siting criteria in its plan along with a new selection process and annual coverage review. This will provide transparency to BRCCC's decisions.

¹ Decision Point Research conducted study on behalf of BRCCC between December 3rd and 17th, 2019. 1,200 adult respondents (aged 19+ years) participated with quota set-up based on Census Profile, 2016 for British Columbia.

	that narrowing the PRO field would be good for our members; we want to work with BRCCC to avoid this outcome.”	
<i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i>	<p>Stated: “The stewardship plan states that some non-contracted Depots choose not to direct customers to full-refund Depots, and some choose to offer customers a full refund. These are half-truths spun to the advantage of BRCCC. As noted above, there are examples of non-contracted Depots – also known as ‘discount Depots’ - that:</p> <ul style="list-style-type: none"> • desire contracts with BRCCC but cannot get them – despite contracts being offered in the area; • have not accepted contracts with BRCCC – but have done so because the contracts offered do not offer a fair rate of return; • have received contract offers that include requirements that the discount Depot cannot afford to live up to (e.g., BRCCC required the Depot to have \$3 million insurance which was cost prohibitive and 1/3 higher than the insurance required by Encorp); • have received contract offers that include requirements that the discount Depot’s insurance provider refused to oblige (e.g., a rider to cover bags and pallets when other contracted Depots report that they do not need to have this rider); and/or • are non-profit organizations that can only pay a full refund because they are subsidized by their Regional District – which goes against the very concept of producers paying their full cost. <p>The most frustrating half-truth is the last one above - the suggestion that some non-contracted Depots are voluntarily paying customers a full refund. This is a veiled, insincere statement when it does not account for public sector subsidization and non-profit status.”</p>	<ul style="list-style-type: none"> - As mentioned in the point above, BRCCC has introduced authorized location siting criteria in its plan along with a new selection process and annual coverage review. This will provide transparency to BRCCC’s decisions. - Regarding comment on “BRCCC acknowledges that some non-contracted depots also choose, as a matter of customer service, to not discount their customers’ deposit despite not having an agreement with BRCCC” appears to be a misunderstanding. It was not BRCCC’s intention to be veiled or insincere, rather, it was to give recognition that some non-contracted depots have made a concerted effort to not discount. Given the sensitivity of this statement, it has been removed.
<i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i>	<p>Stated: “Customers are making a choice to visit non-contracted Depots. This overlooks the fact that many consumers may not have an option to visit a full refund Depot in close proximity (e.g., people walking, biking)</p>	<ul style="list-style-type: none"> - These considerations will be made during BRCCC’s annual coverage review and results will be shared as noted in BRCCC’s accessibility targets in its Schedule 1 EPR plan.

	<p>and the fact that consumers complain vehemently about not receiving a full deposit refund. In one BC community, there is only return-to-retail and one non-contracted Depot (i.e., the only location where consumers can return an unlimited number of containers) within a 450-mile radius. The consumers in this area must subsidize BRCCC’s program either by accepting a partial deposit return or making multiple trips over multiple days to obtain their deposit refunds.”</p>	
<p><i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i></p>	<p>Stated: “We would like to see the dispute resolution section of its stewardship plan and all future contracts include a clear, broad allowance/clause related to arbitration for any dispute in which the rights and obligations of the parties to the contract are relevant. There should be no situation where one or more of our members must first make a legal argument that unfair treatment in the marketplace is disputable before its concern can be disputed (i.e., this would be neither accessible nor equitable). We would also like to see access and equality be addressed by having its dispute resolution procedure account for:</p> <ul style="list-style-type: none"> • Depots’ right to collective/joint representation; • BRCCC fronting the costs of the procedure (i.e., explicitly state BRCCC be responsible for shouldering the arbitrator’s fees so that up-front costs are not a barrier to Depot participation); • parties bearing their own costs regardless of outcome (i.e., Depots are never in a position where they, as a small business compared to a PRO with access to consumer funds, have to cover BRCCC’s legal costs); and • our members’ concern that contracts could be cancelled if they pursue dispute resolution (i.e., BRCCC evergreen contracts, where termination is only allowable with cause).” 	<ul style="list-style-type: none"> - Additional information has been added to BRCCC’s dispute resolution process that includes principles of access, equality, efficiency and awareness - As mentioned above, BRCCC’s ‘negotiate and agree’ process intends to provide a new process where comments received from depots will be assessed, deliberated and responded to in a transparent manner to all depots so that all considerations and proposals and/or counter-proposals are justified and have ability to have questioned while also providing clear answers, however, the BRCCC reserves the right to pay depots different fees or rates based on services provided and any other relevant considerations to an individual depot - BRCCC is not preventing the depots to share and deliberate collective concerns; however, BRCCC will hold meetings with depot partners individually to understand and verify operational concerns while ensuring a non-threatening and transparent process where depots may share commercially sensitive considerations in a private setting - It is important to note that contracts are legally executed by each individual depot business - BRCCC has not rescinded any depots contracts despite any past disputes. The intention is to work collaboratively and to resolve any disputes as expeditiously as possible.
<p><i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i></p>	<p>Recommendation 1: Remove the power dynamic at play in both the cost methodology and dispute resolution process, including by having BRCCC:</p>	<ul style="list-style-type: none"> - These points have been addressed above.

	<ul style="list-style-type: none"> • Commit to paying producers’ full cost, and ensuring this full cost is inclusive of both fixed and variable costs related to its program. • Commit to offer a fair rate of return in its stewardship plan and contracts. • Identify fees and ‘fair rate of return’ as a disputable issue in both its stewardship plan and contracts. • Explicitly allow Depots to collectively negotiate, including through a representative of their choice (e.g., BCBRDA), and jointly/collectively access dispute resolution. • Not require Depots to ask all their questions and bring forward cost increase proposals before the BRCCC has provided information about service requirements, its basis for the costs offered, and how it intends to ensure equity in the system (i.e., fair pay for like services in similar contexts) while also accounting for full coverage of fixed and variable costs (i.e., no cross-subsidization from other programs) in inequitable scenarios (e.g., higher market prices for space in certain market, higher labour and insurance costs in certain markets). • Ensure there is as much transparency as possible about the market and required services. • Remove the threat of simply going to a competitive bidding process if it does not like the outcome of the cost methodology that it has selected. • Remove the threat of Depots losing their contracts if they do not oblige BRCCC’s expectations (i.e., offer evergreen contracts unless there is cause for termination). • Provide explicit assurance to Depots that, based on the requirements of the Recycling Regulation, that it does not have a pre-set a budget for service 	
<p><i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i></p>	<p>2. Ensure the stewardship plan details how the BRCCC will provide for producers paying their cost during the entire duration of the stewardship plan (i.e., what are the triggers that will entitle Depots to renegotiate or receive cost increases through the duration of the stewardship plan?).</p>	<p>- This will be addressed and shared transparently during its contract negotiation process. This will allow input from the depots.</p>

<i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i>	3. Remove the veiled but notable threats in the stewardship plan (e.g., going to competitive bid, if required; ability to cancel contracts without cause).	- This has been addressed above.
<i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i>	4. Revoke and rethink any offer that gives any one party (e.g., Consolidators with public facing Depots) a competitive advantage.	- This has been addressed above.
<i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i>	5. Re-examine the BRCCC’s principles and criteria for offering licences/contracts; recognizing that the inaccuracies portrayed in the stewardship plan do not reflect Depots’ experiences or provide compelling rationale for why non-contracted Depots interested in contracts are left out of the system.	- This has been addressed above.
<i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i>	6. Related to the above, remove the unfair and inaccurate characterizations of non-contracted Depots in the stewardship plan – both for the accuracy of the plan and in good faith to building trust and a collaborative relationship with Depots.	- This has been addressed above.
<i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i>	7. Bolster the Dispute Resolution section of the stewardship plan, explicitly identifying the principles that the BRCCC intends to follow and the actions that it will take, including in its contracts, to implement them.	- This has been addressed above.
<i>Cara Heck, BC Bottle and Recycling Depot Association (BCBRDA)</i>	BCBRDA must convey that despite our concerns with the BRCCC’s current stewardship plan – in accordance with the comments in this submission – we remain eager to work collaboratively with BRCCC toward a satisfactory outcome. We see the potential in a ‘negotiate and agree’ model of assuring that Depots are paid a fair rate of return for our services and allowing BRCCC to assess producers’ full cost in a timely way and reasonable way. We also believe that this potential can only be realized if BRCCC is willing to fully recognize, acknowledge, and act to mitigate the power that it has as a monopsony. The reality is that BRCCC and Depots are not negotiating in a free market economy where ‘open negotiation in good faith’ is a possibility	- We appreciate the BCBRDA’s eagerness to work collaboratively to make the ‘negotiate and agree’ model reach a satisfactory outcome.

	without substantive, deliberate action by BRCC to make equity, fairness, and more – but never entirely – balanced power dynamics a reality.	
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Morier, Rachel

From: Morier, Rachel
Sent: Tuesday, April 25, 2023 7:19 PM
To: Janet Lee
Subject: RE: Feedback from Ucluelet Bottle Depot

Hi Janet,

I am confirming receipt of your email. Thank you for your feedback.

Rachel



Rachel Morier | Chair & Secretary of the Board

Direct: 416-200-6759

From: Janet Lee <uclueletbottledepot@gmail.com>
Sent: Tuesday, April 25, 2023 4:13 AM
To: Morier, Rachel <Rachel.Morier@thebeerstore.ca>
Subject: Feedback from Ucluelet Bottle Depot

[CAUTION] This email originated from outside the organization. Do not click on links or open attachments unless you recognize the sender and know the content is safe.

Good Morning Rachel

Hope this email is the right one to send the feedback.
This is Janet Lee from Ucluelet Bottle Depot.

We are very proud to serve the community to get their refunds for beer cans. Beer cans are very important as people drink a lot of beer. We want to help them in many ways for them to get their refunds. However, it has been 4 years already that we have been receiving & counting beer cans through Express that Encorp made. More than 60-70% are beer cans & BRCCC has not done anything for this long period. Plus 2 cents handling fee is just not going to work anymore. All the bills are increasing rapidly. Wages are getting higher and higher. Penny is gone a long long time ago. **Nothing should be under 5 cents.** 5 cents should be the lowest BRCCC or Encorp can pay as a handling fee for cans. Plus, lifting bags, scanning, ripping bags, counting & cleaning garbage through Express should be at least 3 cents extra. Extra 5 cents will be awesome! But since BRCCC or Encorp are trying **NOT** to pay us for our labour, **3 cents extra** will be a generous requesting fee. The handling fee has not been increased for such a long time. And it takes so much energy and time to increase now, and both stewardships are still trying to lower the handling fee. It does not make sense. Unless you think we are useless and you can treat us However. And yes we will be still working hard no matter what because we are

hard-working people. Hope you put yourself in our shoes. I am sure if you were us, you would have asked for a 10 cents handling fee.

Couple of years ago, we were going to post to the Express bin that **“BEER CANS are not part of the Express Program. Beer cans will not be refunded through Express”**. Encorp made us wait. And it took another year & year and totally ignored. And here we are with no change. Without offering us a contract for our labour, using us to work extra all day all night all weekends for nothing is illegal. Customers are happy and thinking we get paid a lot doing Express. Please tell them we do not get paid anything extra except garbage. So now time to clarify to pay us for our labour or **no beer cans through Express**. Personally, I do not understand how Encorp deals shipping for Express and more than half is filled by beer cans. BRCCC is just using Encorp’s idea and using our labour. It makes me feel that Encorp and BRCCC help each other to put us down.

Also, it should be fair between customers who count themselves and using Express. BRCCC or Encorp can pay 2 cents Express sorting fee + 2cents from Express customer refunds so pay depots 4 cents. This way customers have choices and it is fair for everyone.

Again, once the sorting fee is confirmed, BRCCC should pay Depots with Express **for the past years that we have done Express**.

For the future, when there is a \$1 raise in wage, there should be 1 cent raise in handling fee.

Encorp Cindy repeated saying she knows how frustrated we are with Express but it is not about being frustrated. It is about doing things right and being fair. Express is not a problem. Problem is the too low handling fee & sorting fee.

I am sure you all are experts on this and I do respect you all. But we are the same as who you are. Sometimes very different!! But Let’s work together and be fair.

Thanks for reading my feedback

Thanks for everything!!

God bless you

Sincerely,

Janet Lee

Ucluelet Bottle Depot

Morier, Rachel

From: Morier, Rachel
Sent: Tuesday, April 25, 2023 7:20 PM
To: Andrew Kim
Cc: Hunter, Jace; Paul, Bob; Gentile, Michael; Stewardship
Subject: RE: PPC Consultation Posting

Hi Andrew,

I am confirming receipt of your email. Thank you for your feedback.

Sincerely,
Rachel



Rachel Morier | Chair & Secretary of the Board

Direct: 416-200-6759

From: Andrew Kim <leesbottledepot@gmail.com>
Sent: Tuesday, April 25, 2023 12:10 PM
To: Morier, Rachel <Rachel.Morier@thebeerstore.ca>
Cc: Hunter, Jace <Jace.Hunter@bdl.ca>; Paul, Bob <Bob.Paul@bdl.ca>; Gentile, Michael <Michael.Gentile@thebeerstore.ca>; Stewardship <Stewardship@bdl.ca>
Subject: Re: PPC Consultation Posting

Some people who received this message don't often get email from leesbottledepot@gmail.com. [Learn why this is important](#)

[CAUTION] This email originated from outside the organization. Do not click on links or open attachments unless you recognize the sender and know the content is safe.

Hello.

We have the following points regarding the next handling fees I am hoping you will consider:

1. Handling(including sorting) fee
Cans: 5cents/can
bottles:6 cents/bottle

The handling fees are not consistent with the increases in operational costs over the last few years such as:

- 1) minimum wage has doubled
- 2) Rent has also almost doubled

We feel that our margins are suffering due to the fact that the handling fee is not increasing in line with inflation

2. Labour fee for the "Express bag"

I strongly believe that we should be paid 25% labour fees for the beer cans and bottles that come in for express. This fee should be paid by the customer and not as a discount to the containers. We supply labour for the sorting/handling and should be properly awarded.

As the customer would have a choice to come to the depot and do the sorting, they would have a choice to do it themselves or drop off the express bags and incur the fee.

(Generally, the express bags in beer cans/bottles are wet ,dirty, rotten and contaminated with smoke garbages etc)

Thank you.

=====
Lee's Bottle Depot
7385 buller ave burnaby B.C

tel) 604-435-3432, fax) 604-435-3432
cell) 778-689-3432

2023년 3월 10일 (금) 오전 11:59, Morier, Rachel <Rachel.Morier@thebeerstore.ca>님이 작성:

Dear depot partners,

BRCCC's plan amendment to *Producers Paying the Cost of Obligated Material and Dispute Resolution* ("PPC") is now posted for stakeholder consultation on its website [here](#). The deadline for feedback is Tuesday, April 25th, 2023. BRCCC will be submitting their updated Stewardship Plan with the PPC amendment to the MOECCS by April 28th.

As mentioned, BRCCC will provide a series of online meetings for depots to ask questions and provide feedback during the consultation period. MOECCS staff will be invited to observe these meetings.

Meeting Dates:

Thurs, March 23 - Contracted depots - 10am Pacific

Mon, March 27 - Contracted depots - 12pm Pacific

Thurs, Mar 30 - All depots - 10am Pacific

Mon, April 3 - All depots - 3pm Pacific

Wed, April 5 – Contracted depots - 6pm Pacific

Fri, April 14 - Contracted depots - 8am Pacific

Please email stewardship@bdl.ca to register and indicate your preferred date in the subject line.

Thank you,
Rachel



Rachel Morier | Chair & Secretary of the Board

☎ Direct: 416-200-6759



April 25, 2023

Ms. Rachel Morier, Chair & Secretary
Brewers Recycled Container Collection Council (BRCCC)
1711 Kingsway Avenue Port
Coquitlam, BC V3C 0B6

Sent by email to: stewardship@bdl.ca
cc: Rachel.Morier@thebeerstore.ca, extendedproducerresponsibility@gov.bc.ca

Re: Beverage Container Stewardship Plan (Schedule 1)

As part of BRCCC's current stakeholder consultation on its Beverage Container Stewardship Plan (Schedule 1), the BC Bottle and Recycling Depot Association (BCBRDA) is pleased to provide feedback on behalf of our members.

For BRCCC's understanding, the BCBRDA represents members who meet the criteria for all four of BRCCC's categories of Depot operations, including:

- Consolidators;
- Processors;
- Standard Depot operators; and
- potential partners.

Our submission documents, reflects, and represents the input and concerns of all our members.

It will also be helpful for BRCCC to understand that the BCBRDA has taken an evidence-informed approach to our input into the BRCCC's Beverage Container Stewardship Plan. This means that we have referenced direction-setting documents, research and best practice, and stakeholder input, analyzed it relative to BRCCC's draft stewardship plan, including its amended 'Producers Paying the Cost of Obligated Material and Dispute Resolution' section, and arrived at insights and observations that are reflected in our submission. The figure at the top of the next page provides a high-level view of some of the most salient inputs that informed our submission.



The Government of BC's:

- Recycling Regulation
- Guidance documents

- Jurisdictional review
- Laws of natural justice
- *Competition Act*



Evidence-informed input for BRCCC's Beverage Container Stewardship Plan

- BCBRDA Working Group
- Consolidator Working Group
- Webinars with contracted and non-contracted Depots
- Individual Depot interviews

Our submission will cover five areas relevant to BRCCC's contextual understanding of our input into its Beverage Container Stewardship Plan. The areas include:

1. Who we are.
2. Overall comments.
3. Evidence of the disconnect between BRCCC's statements and actions.
4. Summarizing our recommendations.
5. Conclusion.

1 Who we are

The BCBRDA is a member-based organization with long-standing roots in BC, including well before the introduction of Extended Producer Responsibility (EPR) through the Recycling Regulation. Through various iterations of the Association, our mandate has always been to support a thriving network of Depots across BC – successful as private, independent businesses and working in the best interest of British Columbians.

Today, we represent nearly 100 of BC's 162 Depots and are dedicated to understanding and reflecting the different interests, challenges, and needs of all of our members. We do this through a number of different means, including:

- working groups,
- our Board's "open door" policy to engage with our members,
- engagement-based webinars to seek comments and input from our members,
- member interviews,
- online surveys shared through our Depot-wide distribution list, and
- discussion time at our Annual General Meeting (AGM).

The result of our efforts is a unified membership that has provided the BCBRDA with 'Letters of Representation' that enable us to represent them in discussion and contract negotiations with Producer Responsibility Organizations (PROs).



It is also important to note that our members – and Depots overall - are a significant stakeholder in BRCCC’s stewardship plan, and that our contract-holding members generally speak well about their day-to-day interactions with BRCCC. Overall, BRCCC has a reputation of striving to work with our members to address their operational interests and has certainly conveyed the same intent over the past approximately eight months (i.e., during outreach to set up information sessions last summer and at various touchpoints since). Our feedback today strives to ensure that this intent and action continue.

When it comes to Depots’ relationship with BRCCC, 85 of 180 of contracted return locations (i.e., 47 per cent) in 2021 were Depots. Of course, this is only a count of contracted Depots. Consumers are also actively supporting non-contracted Depots (i.e., voting with their feet for the convenience of one-stop, local recycling opportunities where they can return unlimited containers) – evidenced by the number of non-contracted Depots that receive customers and containers and the relationships that our contracted members hold with non-contracted members (i.e., picking up and/or receiving their containers).

When we think about the benefits that our members provide to BRCCC and, on its behalf, British Columbians, we want to highlight their breadth – especially in terms of the economic and social benefits. As service providers, our members’ contributions are often characterized by the ‘lowest common denominator’ – or the role of collecting and managing containers. This is critical work that is foundational to our members’ existence; it is also only a slice of the many benefits they deliver. For example, the BRCCC relies on our members to collect and manage secondary packaging, which is exemplified in its Secondary Packaging Stewardship Plan (Schedule 5). Our members also provide the following undeniably critical benefits:

- BRCCC enhancing its reputation and brand equity based on our members’ provision of a high quality of service, local relationships, and credibility.
- Operating recycling locations that bolster convenience for British Columbians – regardless if they hold a BRCCC contract – and thereby supporting the close to 90% return rate (88.69 per cent in 2021) that BRCCC proudly reports.
- Underserved populations, including ‘binners’, being able to return containers for ready cash to take care of their daily needs.
- British Columbians in urban and rural communities alike having access to local jobs, including New Canadians, diverse populations, and people with diverse abilities, which instills a sense of purpose, self esteem, and self-sufficiency.
- All customers having access to recycling education and support from service providers who are specialized in the industry.
- All customers enjoying the convenience of one-stop, seamless recycling opportunities based on Depots’ contracts with other EPR Plan holders.

2 Overall comments

First, the BCBRDA and our members wish to acknowledge the BRCCC’s ongoing comments about working collaboratively with Depots through its consultation process and upcoming contract negotiations to jointly arrive at a satisfactory outcome. In fact, upon reading the stewardship plan, we recognized that BRCCC has proposed a ‘negotiate and agree’ methodology related to



producers paying their cost – where success fully depends on working collaboratively for a satisfactory outcome.

In an environment free of power dynamics, ‘negotiate and agree’ could be a risky strategy for the BRCCC, as the outcome would truly depend on negotiations that result in an agreement on fees that Depots feel confident would reflect producers paying their full cost – or at least provide for a fair rate of return - before they sign contracts. This said, substantive power currently tilts toward the BRCCC, which, if left in play, reduces the BRCCC’s risk of paying the producers’ full cost and increases the risk that Depots feel pressured into signing contracts that do not provide a fair rate of return. This is a double-edged sword for Depots because agreeing to a contract that does not pay a fair rate of return (i.e., as a result of feeling powerless, unsure how, or afraid to challenge it) also has the potential communicate to the Statutory Decision-Maker for BRCCC’s stewardship plan (i.e., at the Ministry of Environment and Climate Change Strategy – or MOECCS) that they agree BRCCC has offered a fair rate of return.

Through our comments herein, our hope is to build understanding of the power dynamics, including in the consultation process to date, and challenges with BRCCC’s proposed approach that must be addressed for a ‘negotiate and agree’ methodology to be fair, reasonable, and something that our members can support.

If we step back and start with BRCCC’s consultation process as a whole, it is important that we begin with BRCCC’s communications and pre-consultation time period (i.e., late spring and summer 2022). For the better part of the last year, the BCBRDA has done our best to be a conduit between BRCCC and our members. We have:

- Met, emailed, and texted frequently.
- Ensured our Board members attended all of BRCCC’s summer information sessions.
- Ensured our BCBRDA Working Group provided not just feedback but recommendations and solutions on how to address significant confusion during the pre-consultation period.
- Facilitated the development of a Consolidators Working Group, as this was the group that BRCCC wanted to emphasize communication with during what was described as ‘pre-consultation’.
- Held webinar education and engagement sessions with our different groups to help them understand BRCCC’s obligations under the Recycling Regulation and how to participate in both pre-consultation and formal consultation.
- Invited input from our members through interviews, engagement-based webinars, and more.

The fundamental challenge that we have experienced has been the ongoing and outright confusion regarding BRCCC’s process. Going back to summer last year, the BRCCC started to communicate that it was ‘consulting’ with Depots – but our members experienced the sessions as ‘information sessions’ (i.e., communication about its intentions) and questioned BRCCC’s reference to ‘consulting’, including asking what was being consulted on. As the BRCCC’s process continued, we reviewed an outline of the ‘pre-consultation’ process and asked for explicit information about what was being consulted on and how this would fit with its formal consultation requirements. We provided input on a draft communication



that we asked BRCCC to develop and share with stakeholders – but that communication, or any version of it, did not end up being distributed. When we finally did arrive at a shared understanding in the fall, BRCCC indicated ‘pre-consultation’ with Consolidators would be followed by ‘pre-consultation’ with Contracted Depots to arrive at a supported methodology to determine producers paying the cost. BRCCC indicated that ‘pre-consultation’ would take place to ensure there would be no surprises during the formal consultation period. As we both know, the pre-consultation work did not progress. There was some latent discussion with the Consolidator Working Group and nothing beyond the summer information sessions with Contracted Depots and all Depots until formal consultation began.

To be clear, it was not until BRCCC released its stewardship plan that we finally understood ‘negotiation’ to be the proposed cost methodology. In ordinary circumstances, where ‘pre-consultation’ was never on the table nor proposed as a means to ensure “no surprises” during the consultation period, this timing would not be an issue. However, the stewardship plan does not propose ordinary circumstances. It proposes that stakeholders submit all comments and questions during the formal consultation process prior to a cost offer being provided to “avoid any significant changes once the contract is drafted”.

According to BRCCC’s update email on February 17, 2023, the intent of the consultation process was to, “provide an explanation of the general compensation methodology, basis of compensation, and opportunities for ongoing stakeholder input to demonstrate that producers are collecting and paying the cost of collecting and managing products within the product category covered by the Plan.” While we can agree BRCCC presented its general compensation methodology during the formal EPR Plan consultation period (i.e., explicitly in its stewardship plan and during its webinars), we are struggling to understand how the consultation addressed the rationale for its basis of compensation or provided and identified opportunities for ongoing input to demonstrate that producers are collecting and paying their cost. Among the reasons that we say this are:

1. BRCCC has not addressed whether any new services will be required of Depots.
2. No clarity has been offered as to how BRCCC will assure equity in the system (i.e., fair pay for like services in similar contexts), an important provision of producers paying their cost, while also accounting for full coverage of fixed and variable costs (i.e., no cross-subsidization from other programs) in inequitable scenarios (e.g., higher market prices for space in certain market, higher labour, and insurance costs in certain markets).
3. The cost methodology in BRCCC’s stewardship plan includes fee change requests obtained from service providers during initial engagements prior to the negotiation process and an intention to initiate discussions with service providers early in the negotiation process to establish the basis of compensation and address questions and to avoid any significant changes once contracts are drafted.

On this last point, it either goes to say that:

- BRCCC considers the formal consultation process the same as a negotiation process and therefore should have presented ‘the basis of compensation’ and addressed questions on it during the formal consultation period OR
- the negotiation process is yet to come, and it should never have been cited as part of the consultation process.



It is still not clear which applies.

Regardless of the answer to the above, our position is that all of the content described in the three numbered bullets on the page above (i.e., 1, 2, 3) should have been part of BRCCC's consultation process if questions and feedback to lead into a negotiation process were anticipated; this is because addressing all of the bullets is an absolute necessity for a fair negotiation process. Without addressing these bullets, BRCCC is using its monopsony advantage to individually negotiate with Depots – where Depots know that they may lose their contracts if they do not agree to BRCCC's offer. This approach also makes it problematic – if not impossible – for the BCBRDA to fulfill its role of representing our members' interests in negotiations because there is no transparency to the cost offer, including the costs being offered for different types of services, and the implications to the Depot network.

It is also notable that PROs, including BRCCC, have suggested for years that Depots agreeing to contracts is a means of assuring producers are paying their cost. The BCBRDA, on behalf of our members, must be clear that 'negotiate and agree' can only be accepted as evidence of producers paying their cost in the event that Depots are in an adequate position to negotiate effectively and fairly (i.e., which includes negotiating collectively). Where Depots are asked to review or propose costs, they must have a full picture of how costs were established and/or enough information to provide a fulsome, informed cost proposal. Where Depots are asked to negotiate, there must be equity in the negotiating relationship and process – where the PRO, which naturally holds significantly more power and influence than Depots, is clear about the principles and the steps they will take to adhere to them to ensure that Depots are not negatively affected by BRCCC's monopsony, including its known ability to price set and either end or refuse to offer contracts if Depots do not meet their expectations.

3 Evidence of the disconnect between BRCCC's statements and actions

Evidence for the BCBRDA's overarching concerns, as expressed in 'Section 2: Overall comments', are found in the statements that BRCCC has either made in its stewardship plan or during the pre-consultation and formal consultation processes.

To provide this evidence, the BCBRDA will outline what we have read from the BRCCC in its stewardship plan or seen/heard shared during pre-consultation and consultation and offer a response in a table format. This format will make it easy for BRCCC to note our concerns and refer to the evidence that illuminates the rationale for each concern.

In other words, 'Section 2: Overall comments' provides a higher-level narrative view of our members' concerns, and this section provides a detailed view of the claims or statements that BRCCC has made to inform our overall comments.

Leading into the table of BRCCC's claims, we would like to highlight six statements that reflect the cumulative evidence presented in the table below. These include:



1. Based on the content in the stewardship plan, BRCCC does not seem to recognize its power in the marketplace.
2. Given its power in the market, BRCCC's cost methodology almost ensures that Depots will be forced to accept a cost model that does not meet the intent of the Recycling Regulation, including assurance that producers pay their full cost.
3. Many of our members indicate that they are afraid to speak up and challenge BRCCC because of the power dynamic in play, including the fact that Depots have previously been 'punished' for speaking up (e.g., losing or not being offered contracts).
4. BRCCC has removed one of the key 'power-leveling' opportunities for Depots – collective negotiation through the BCBRDA – by proposing to provide and negotiate contracts individually.
5. There is nothing in either the stewardship plan nor previous contracts that explicitly assures Depots, as private, independent businesses, a fair rate of return for their services and the right to dispute handling fees and a fair rate of return through the dispute resolution procedure.
6. While BRCCC's 'negotiate and agree' methodology may, with changes to ensure fairness and equity, work to establish current costs, there is nothing in its stewardship plan that describes how it will ensure producers are paying their cost during the entire duration of the plan (i.e., what are the triggers that will entitle Depots to renegotiate or receive cost increases through the duration of the stewardship plan).

The following table introduces claims made and the evidence that we have either found or our members have experienced to the contrary.



Claim	Comments, including evidence to the contrary
<p>On page 5 of the updated ‘producer paying the cost’ section of its stewardship plan, BRCCC claims that it initiated contract renewal discussions in the past year</p>	<p>The BCBRDA has a communication trail going back to late spring 2022 that documents our requests for information about the BRCCC’s intended consultation process and how it will ensure producers pay their full cost. Our correspondence explicitly outlines that communication (i.e., information-sharing) is not equivalent to discussions let alone consultation, our members are unsure as to what BRCCC believes it is consulting on, and our members lack information about BRCCC’s consultation process and what is intended to happen when and why. In some of our written communications, where we express confusion regarding BRCCC’s process and inquire about its obligations under the Recycling Regulation, BRCCC confirms it is also confused; the confusion is not addressed until the updated Section 9 of the stewardship plan is released and formal consultation begins.</p> <p>In addition to our written communication trail, the ‘pre-consultation’ undertaken –which we would argue was a set of information sessions and not consultation as the MOECCS defines it in their Guidance documents (i.e., the provision of ‘satisfactory consultation’, should include evidence that BRCCC intended to engage Consolidators, Contracted Depots, and all Depots) included only some latent discussion with Consolidators in the early fall in advance of formal consultation starting. To be clear, Processing and Standard Depots were not consulted and did not receive consultation materials of any type over the past year, until formal consultation commenced. In addition to this, Depots of all categories do <u>not</u> have the necessary information on services, costing, and how costs will be assessed for equity while also accounting for full and variable costs in inequitable scenarios (e.g., higher market prices for space in certain market, higher labour, and insurance costs in certain markets).</p>
<p>On page 8 of the updated ‘producer paying the cost’ section of its stewardship plan, BRCCC states that negotiation works for EPR supply-chain agreements where there is ‘open negotiation in good faith’ (i.e., insinuating that BRCCC and Depots will negotiate within a</p>	<p>A competitive model (i.e., open negotiation) would require BRCCC to scope its work requirements and invite interested parties to indicate the pricing that they would be satisfied receiving to complete the work. This model assumes that those who participate in the competitive process not only establish their costs but the rate of return that they are satisfied to receive for their services, thereby a fair rate of return. This is not the model that BRCCC uses; in fact, BRCCC states on page 8 that it may consider a ‘competitive bid’ process and notably states ‘if required.’</p> <p>The inclusion of this reference, and, in particular, the pointed notation (i.e., ‘if required’) is deeply concerning. Not only does it illuminate that BRCCC’s approach is <u>not</u> a competitive model (i.e., BRCCC uses a sole source contracting model where it proposes to negotiate fees with its sole sourced service providers), it emphasizes that any potential notion of ‘good faith’ (e.g., agency, fairness, and natural justice) is absent within its proposed methodology; if BRCCC is unsatisfied with how its sole sourced Depots participate in its negotiation process, then it can simply end Depots’ contracts and require Depots to compete for work that it currently and otherwise suggests would be ongoing. The reference to ‘if required’ is also foreboding because it hangs in the stewardship plan content with no</p>



<p>competitive model and market economy)</p>	<p>information or even suggestion as to the conditions where BRCCC would see itself move to a competitive bid process. This said, it appears to suggest that if sole sourced Depots expect too much (e.g., fees that BRCCC deems too high, collective negotiation through the BCBRDA, transparency and equity), then it can simply end contracts or shift container volumes to competing Depots.</p>
<p>Related to BRCCC’s claims that its supply agreements will be negotiated openly and in good faith is the notion of a fair and competitive field between Depots</p>	<p>In its September 20, 2022, Consolidator meeting, BRCCC presented an initial proposal to Consolidators only (slide 10 of 14 from that meeting) that could only be understood as a tiered fee offer. BRCCC offered Consolidators with a public-facing Depot significantly higher compensation than Depots without. Rather than supporting a fair and competitive field between Depots, let alone supporting equity across sole sourced service providers, this proposal would put Consolidators without public-facing Depots in a situation where they have no ability to compete with Consolidators that do have public-facing Depots. By taking this approach, BRCCC would direct and unilaterally impose conditions that would force Consolidators without public-facing Depots to exit the market. The reality is that BRCCC’s proposed model will introduce – rather than remove – conditions that give some competitors an unfair advantage.</p>
<p>The updated ‘producer paying the cost’ section of its stewardship plan suggests that its cost methodology (‘negotiate’) reflects open and good faith negotiations, thereby suggesting that Depots should experience similar principles and conditions that would play out in a competitive and free market economy</p>	<p>Negotiation is a valid and effective tool where there is a competitive model in a free market economy – without, as noted above, monopsony power held by one party (i.e., BRCCC) and, accordingly, the threat of service providers losing contracts if they do not oblige the interests of the monopsony.</p> <p>Where a monopsony does exist and ‘open and good faith negotiation’ is the desired outcome, then the monopsony must take a number of enforceable steps to mitigate the power imbalance. For the BRCCC, this must include the following in its stewardship plan:</p> <ul style="list-style-type: none"> • Ensuring that the relative bargaining power of Depots is balanced against its overt power by supporting Depots to negotiate collectively through the BCBRDA (i.e., Depots can unify and negotiate more fairly through collective power). • Ensuring there is as much transparency as possible about the market and the services required; any absence of information has a significant ability to affect the outcomes of the negotiation and, in this situation, advantage BRCCC. • Committing to pay producers’ <u>full</u> cost, and ensuring this full cost is inclusive of both fixed and variable costs related to its program. • Committing to pay Depots a fair rate of return in its stewardship plan and contracts and ensuring that its dispute resolution procedure and contracts include the right for Depots to dispute handling fees and a fair rate of return. • Removing the threat of simply going to a competitive bidding process if it does not like the outcome of the cost methodology that it selected (i.e., negotiation with soled sourced service providers).



	<ul style="list-style-type: none"> • Removing the threat of Depots losing their contracts if they do not oblige BRCCC’s expectations (i.e., the threat can be removed by evergreening contracts unless there is cause for termination). • Providing explicit assurance to Depots that, based on the requirements of the Recycling Regulation, BRCCC has <u>not</u> pre-set a budget for service collection (i.e., as has been directly conveyed to the BCBRDA during the pre-consultation period) but, rather, is actively working to meet producers’ full cost. <p>BRCCC has not taken action to provide any of these assurances; this is despite representatives of the BCBRDA and our members seeking them during the formal consultation webinars. Notably, BRCCC did offer to take BCBRDA and our members’ requests offline for consideration; however, it did not come back with updates on the majority of requests or answer the majority of related questions in subsequent webinars.¹ The explicit challenge with this is that BRCCC is seeking the support of Depots to proceed with a ‘negotiate and agree’ methodology before making any commitments to address the inherent challenges of the proposed approach. This simply is not just. Our members cannot afford to support what amounts to conditions for an imbalanced negotiation that inevitably leads to pressure on individual Depots to accept unfair contracts (i.e., price-setting); this would set a dangerous cost methodology precedent for BRCCC and other PROs if an unjust negotiation methodology were approved by the Ministry of Environment and Climate Change Strategy’s Statutory Decision-maker.</p>
<p>BRCCC has asked Depots to trust it through its pre-consultation and consultation processes and has been critical when Depots have resisted blanket trust, yet makes assertions in its stewardship plan that have no basis in reality and act to degrade Depot trust</p>	<ol style="list-style-type: none"> 1. The stewardship plan states that any non-contracted Depot is welcome to apply for a contract to provide unlimited returns at any time. <p>We have members that have applied for licences for over 15 years and always been denied. BRCCC says this is due to a lack of demand, yet there are new contracts being offered to new Depots entering business in their immediate area.</p> <ol style="list-style-type: none"> 2. The stewardship plan suggests that the BRCCC is not offering contracts to non-contacted Depots who hold contracts with Encorp and discount refunds on deposits on beer containers at their location because return to retail is the best option for British Columbians. <p>Return to retail points of collection limit consumer drop off to 24 containers in most cases; any change to this depends on the benevolence of the retailer. This means that consumers must make many more trips to receive their refunds rather than simply visit a Depot and they are being forced to subsidize the BRCCC system. While we</p>

¹ This should be evidenced in the What We Heard report for the consultation period, although we have not heard confirmation that one will be produced nor been obliged our request to review the What We Heard reports from the previous consultation sessions related to this specific stewardship plan.



understand that BRCCC is trying to keep the system affordable for its members and enable them to continue using reusable bottles, it must also recognize that its own practice of keeping 'discount Depots' out of the system is pushing these Depots to support the consolidation of cans under Encorp. The BCBRDA does not believe that narrowing the PRO field would be good for our members; we want to work with BRCCC to avoid this outcome.

3. The stewardship plan states that some non-contracted Depots choose not to direct customers to full-refund Depots, and some choose to offer customers a full refund.

These are half-truths spun to the advantage of BRCCC. As noted above, there are examples of non-contracted Depots – also known as 'discount Depots' - that:

- desire contracts with BRCCC but cannot get them – despite contracts being offered in the area;
- have not accepted contracts with BRCCC – but have done so because the contracts offered do not offer a fair rate of return;
- have received contract offers that include requirements that the discount Depot cannot afford to live up to (e.g., BRCCC required the Depot to have \$3 million insurance which was cost prohibitive and 1/3 higher than the insurance required by Encorp);
- have received contract offers that include requirements that the discount Depot's insurance provider refused to oblige (e.g., a rider to cover bags and pallets when other contracted Depots report that they do not need to have this rider); and/or
- are non-profit organizations that can only pay a full refund because they are subsidized by their Regional District – which goes against the very concept of producers paying their full cost.

The most frustrating half-truth is the last one above - the suggestion that some non-contracted Depots are voluntarily paying customers a full refund. This is a veiled, insincere statement when it does not account for public sector subsidization and non-profit status.

4. Customers are making a choice to visit non-contracted Depots

This overlooks the fact that many consumers may not have an option to visit a full refund Depot in close proximity (e.g., people walking, biking) and the fact that consumers complain vehemently about not receiving a full deposit refund. In one BC community, there is only return-to-retail and one non-contracted Depot (i.e., the only location where consumers can return an unlimited number of containers) within a 450-mile radius. The consumers in this



	<p>area must subsidize BRCCC’s program either by accepting a partial deposit return or making multiple trips over multiple days to obtain their deposit refunds.</p>
<p>During the formal consultation webinars, BRCCC stated that its Dispute Resolution Procedure is standard</p>	<p>BRCCC’s Dispute Resolution Procedure is woefully insufficient. It contains no detail, refers to another agreement, and offers nothing to help address the power dynamic and realities in place that make dispute resolution highly inaccessible, unrealistic, unfair, and prohibitively costly for our members.</p> <p>If BRCCC references the MOECCS’ Recycling Regulation Guide, it will find the guide states that consideration should be given to six principles that, among them, include <u>access</u> (e.g., easily accessible), <u>equality</u> (be structured to balance power inequities between the parties), and <u>efficiency</u> (e.g., minimize both cost and delay in reaching resolution). The BRCCC’s Dispute Resolution section of the updated content for its stewardship plan says nothing about principles and how it will enact them; this is hugely disconcerting to our members. Our members need to be confident that the BRCCC will ensure they can access dispute resolution, especially as it relates to handling fees and providing Depots a fair rate of return and will not use its relatively unchecked access to consumer funds to drag out processes and simply spend Depots out of the process. It is also important that, similar to negotiations, our members explicitly have the right to access dispute resolution jointly/as a collective and have the option to have the BCBRDA represent their interests in a dispute resolution procedure.</p> <p>This all goes to say that if BRCCC believes its dispute resolution procedure is standard that we must argue that it should not be. We would like to see the dispute resolution section of its stewardship plan and all future contracts include a clear, broad allowance/clause related to arbitration for any dispute in which the rights and obligations of the parties to the contract are relevant. There should be no situation where one or more of our members must first make a legal argument that unfair treatment in the marketplace is disputable before its concern can be disputed (i.e., this would be neither accessible nor equitable). We would also like to see access and equality be addressed by having its dispute resolution procedure account for:</p> <ul style="list-style-type: none"> • Depots’ right to collective/joint representation; • BRCCC fronting the costs of the procedure (i.e., explicitly state BRCCC be responsible for shouldering the arbitrator’s fees so that up-front costs are not a barrier to Depot participation); • parties bearing their own costs regardless of outcome (i.e., Depots are never in a position where they, as a small business compared to a PRO with access to consumer funds, have to cover BRCCC’s legal costs); and • our members’ concern that contracts could be cancelled if they pursue dispute resolution (i.e., BRCCC evergreen contracts, where termination is only allowable with cause).



4 Summarizing our recommendations

Given our in-depth commentary on BRCCC's stewardship plan, we can see the benefit of summarizing our key recommendations for ease of reference. Again, like our comments, we are putting forth evidence-informed recommendations. All of our recommendations relate to the content of this submission, and BRCCC should find sufficient rationale for each provided above.

Our key recommendations are:

1. Remove the power dynamic at play in both the cost methodology and dispute resolution process, including by having BRCCC:
 - Commit to paying producers' full cost, and ensuring this full cost is inclusive of both fixed and variable costs related to its program.
 - Commit to offer a fair rate of return in its stewardship plan and contracts.
 - Identify fees and 'fair rate of return' as a disputable issue in both its stewardship plan and contracts.
 - Explicitly allow Depots to collectively negotiate, including through a representative of their choice (e.g., BCBRDA), and jointly/collectively access dispute resolution.
 - Not require Depots to ask all their questions and bring forward cost increase proposals before the BRCCC has provided information about service requirements, its basis for the costs offered, and how it intends to ensure equity in the system (i.e., fair pay for like services in similar contexts) while also accounting for full coverage of fixed and variable costs (i.e., no cross-subsidization from other programs) in inequitable scenarios (e.g., higher market prices for space in certain market, higher labour and insurance costs in certain markets).
 - Ensure there is as much transparency as possible about the market and required services.
 - Remove the threat of simply going to a competitive bidding process if it does not like the outcome of the cost methodology that it has selected.
 - Remove the threat of Depots losing their contracts if they do not oblige BRCCC's expectations (i.e., offer evergreen contracts unless there is cause for termination).
 - Provide explicit assurance to Depots that, based on the requirements of the Recycling Regulation, that it does not have a pre-set a budget for service collection but, rather, is actively working to understand and pay producers' full cost.
2. Ensure the stewardship plan details how the BRCCC will provide for producers paying their cost during the entire duration of the stewardship plan (i.e., what are the triggers that will entitle Depots to renegotiate or receive cost increases through the duration of the stewardship plan?).
3. Remove the veiled but notable threats in the stewardship plan (e.g., going to competitive bid, if required; ability to cancel contracts without cause).
4. Revoke and rethink any offer that gives any one party (e.g., Consolidators with public facing Depots) a competitive advantage.



5. Re-examine the BRCCC's principles and criteria for offering licences/contracts; recognizing that the inaccuracies portrayed in the stewardship plan do not reflect Depots' experiences or provide compelling rationale for why non-contracted Depots interested in contracts are left out of the system.
6. Related to the above, remove the unfair and inaccurate characterizations of non-contracted Depots in the stewardship plan – both for the accuracy of the plan and in good faith to building trust and a collaborative relationship with Depots.
7. Bolster the Dispute Resolution section of the stewardship plan, explicitly identifying the principles that the BRCCC intends to follow and the actions that it will take, including in its contracts, to implement them.

5 Conclusion

To offer a concise but clear closing to our input, the BCBRDA must convey that despite our concerns with the BRCCC's current stewardship plan – in accordance with the comments in this submission – we remain eager to work collaboratively with BRCCC toward a satisfactory outcome. We see the potential in a 'negotiate and agree' model of assuring that Depots are paid a fair rate of return for our services and allowing BRCCC to assess producers' full cost in a timely way and reasonable way. We also believe that this potential can only be realized if BRCCC is willing to fully recognize, acknowledge, and act to mitigate the power that it has as a monopsony. The reality is that BRCCC and Depots are **not** negotiating in a free market economy where 'open negotiation in good faith' is a possibility without substantive, deliberate action by BRCCC to make equity, fairness, and more – but never entirely – balanced power dynamics a reality.

Sincerely,

A handwritten signature in black ink that reads "Cara Heck". The signature is written in a cursive, flowing style.

Cara Heck, BC Bottle and Recycling Depot Association Board Chair

BRCCC: Leading the way in environmental stewardship

Producers Paying the Cost of Obligated Materials and Dispute Resolution Process
Consultation Meeting

CONTRACTED DEPOTS



BRCCC




Our Mission



“To continue to lead the way in environmental stewardship to achieve the highest return rate for alcoholic beverage containers and related packaging”



Principles

- 1. Fairness and Transparency** – Provide open market opportunities to all value chain partners to meet environmental objectives
- 2. Operational Efficiency** – Operate an efficient and effective collection, refill and recycling system toward best-in-class performance
- 3. Result-Oriented** – Allow for operational flexibility that drives participation and meets environmental objectives
- 4. Innovation** – Empower operational partners by enabling market conditions that encourage new business models and innovative ways of achieving environmental, social and economic objectives.
- 5. Education and Engagement** – Raising awareness in the value of container reuse and recycling in accordance with the pollution prevention hierarchy
- 6. Continuous improvement** – Continually explore opportunities to improve communication and build stronger relationships with stakeholders while reducing our environmental footprint through system improvements



Commitment

BRCCC acknowledges its responsibility under Section 5(1)(c)(i) of the Recycling Regulation:

“the producer collecting and paying the costs of collecting and managing products within the product category covered by the plan”.

Beverage containers under BRCCC’s Schedule 1 plan include alcohol aluminum cans and refillable glass bottles.



Program Funding

- Brewers internalize stewardship costs into their wholesale pricing and retailers independently set the retail consumer price at their discretion, subject to liquor pricing regulations
- Since the value of unredeemed deposits and sale of recyclable material are insufficient to cover the full cost of management of BRCCC's obligated materials, additional fees are collected from brewers and adjusted on an annual basis to cover all system costs
- BRCCC's revenue streams and expenses are published in its Annual Report made available to the public and interested stakeholders
- There are no additional consumer fees added to the product price at the point of sale



Overview of Collection Services



- BRCCC's collection system optimizes efficiencies through return empty container trips coordinated with full goods deliveries
 - Reverse logistics through return-to-retail remains a vital component
- BRCCC provides a range of return location options to consumers in BC which includes:
 - All BC Liquor Stores (GLS)
 - Licensee retail stores (LRS)
 - Rural agency stores
 - Selected depots
- BRCCC, through BDL, has individual contracts with its collection system partners based on the agreed services provided
- BRCCC is in active discussions with Recycle BC and Encorp Pacific to address concerns regarding program containers incidentally being collected into their respective programs



Service Agreement Types



- Depot contracts include service provisions for three general types of depot activity:
 1. Standard depots (public facing depots accepting back containers for BRCCC, which do not process or consolidate material)
 2. Processing depots which densify/bale aluminum from other locations as well as any volumes they themselves collect, and
 3. Consolidators which collect and stage returned containers from feeder standard depots until full shipping quantities are gathered to be sent out
- A single depot location may provide one or more of the services listed above.
- BRCCC also has agreements in place with the Liquor Distribution Branch and LRS locations



Authorized Location Siting Criteria

- An unlimited return location is defined as a contracted depot or LRS contracted to collect more than 24 containers per day per customer based on Section 6(2) of Schedule 1 of the Recycling Regulation
- An authorized return location is a GLS, LRS, rural agency store or contracted depot.



Authorized Location Siting Criteria

- In determining whether a non-contracted depot or LRS shall be contracted as part of its unlimited collection network, BRCCC considers the following criteria:
 - Number of unlimited return locations available in the Regional District;
 - Patterns or changes of population growth;
 - Relocation or closure of an authorized return location which requires the area's coverage to be re-evaluated;
 - Geographical barriers that prevent customers from conveniently being able to make returns;
 - Any other criteria that the BRCCC considers relevant in order to maintain accessibility of its collection network, including but not limited to, public transit and accessibility for people with disabilities



Selection Process & Coverage Review



- Accessibility target: 10-minute drive for 80% of the BC population
- BRCCC utilizes geographic information systems (GIS) technology to identify potential service gaps
- Reviews the number of returns per capita and population per contracted site by regional district
- If a particular area of the province is under-serviced, BRCCC will identify a licensee retail store, bottle depot or other collection partner in that area and contract their collection services to ensure there is sufficient coverage
- In smaller communities with a population of 4,000 or less the retailer is often an LDB agent and will accept all container returns from consumers



Selection Process & Coverage Review



- BRCCC continues to work hard to mitigate consumer deposit discounting by expanding collection points in accordance with its siting criteria to ensure convenient and comprehensive network of drop off sites within the 10-minute drive threshold
- BRCCC must also ensure its collection and processing network does not create redundant services between collectors resulting in overall system cost increases due to inefficiencies
- If a depot is not awarded a contract in any given year, a one-time written explanation is provided by BRCCC. BDL will keep depot applications on file should additional coverage be required in the future to avoid the need for depots to apply on an annual basis.



Selection Process & Coverage Review



- BRCCC reviews formal contract applications from a non-contracted depot or LRS on an ongoing basis and will formally respond with a decision at the latest to coincide with the timing of its annual coverage review
- Applicants are expected to share any immediate concerns directly with BRCCC and to work cooperatively with BDL, as well as other service providers
- BRCCC may also issue a request for information to potential service providers for future siting to gain a better understanding of service capabilities and costs to collect and manage products covered under BRCCC's stewardship plan



Compensation Methodology



- BRCCC's compensation methodology involves reaching an agreement with its collection partners through a contract negotiation process
- Service providers negotiate prices at which they can provide services to both cover their cost and make profit while producers and their agents seek best value in terms of environmental effectiveness and efficiency
- The objective of the contract negotiation process is for each party to be satisfied with the rights and obligations assigned to them and to help ensure that the terms of the agreement are favorable for both parties to reduce any possible risks
- The result of this methodology is proven successful when an agreement between both parties is reached



Compensation Methodology



- BRCCC will provide its stakeholders an understanding of how it arrived at its initial fee proposal. BRCCC will engage existing and potential service providers through in-person or virtual meetings, webinars or surveys that invite feedback on any and all key issues prior to drafting contracts.
- BRCCC will NOT be presenting set fees or a fee structure
- Contract negotiation removes the complexity and risk associated with third-party involvement and allows existing and potential service providers to engage directly with BRCCC to address any concerns.
- This methodology encourages market competition, innovation and drive for operational efficiency.





Basis of Compensation

- Contract negotiation process is by default the methodology for basing compensation
- It is the responsibility of the service provider to provide input on the provisions of the contract including proposed pricing during the deliberation period
- In preparing the initial price proposal for negotiations BRCCC will consider:
 - Current and historical fees for each product category as baseline
 - Fee change requests obtained from service providers during initial engagements prior to the negotiation process
 - Provincial handling rate and system comparisons across Canada using published data
 - Consumer Price Index and inflation trends using forecasts from BC Stats and Statistics Canada
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- BRCCC will work with stakeholders to respond to any questions on how it priced its proposed fees and will make adjustments if issues raised are valid.





Contract Negotiation Process

- BRCCC provides for an opportunity for a counter-party to deliberate over the provisions of the contract with the intent to reach an agreement on price and terms based on the services required by producers
- Should a collection partner need help interpreting the contract's language, BRCCC will help to provide any needed clarifications.
- Once concerns and/or suggestions have been tracked in the draft contract, a redlined version of the document will be returned to BRCCC to address further changes.
 - Document will continue to circulate among both parties
 - Process will occur over a minimum of 60-day period to ensure each party has sufficient time to thoroughly consider comments and/or to deliberate over the provisions of the contract before reaching a final agreement
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Dispute Resolution



- All BRCCC agreements with the LBD, LRS locations, standard depots, consolidation agents and processors include dispute resolution terms and procedures
- For standard depots, consolidation agents and processors, the dispute resolution process is contained in a separate schedule in the agreement which outlines the escalating steps to be taken in the event that a dispute arises.
- If a dispute is unable to be resolved during the initial notice period, then either party may initiate mediation of the dispute in accordance with the National Mediation Rules of the ADR institute. If the dispute cannot be settled within the indicated duration period when a mediator has been appointed, then the dispute shall be referred to and resolved by arbitration under the National Arbitration Rules of the ADR Institute



Consultation Process



- BRCCC's amendment on Producers Paying the Cost of Obligated Materials and Dispute Resolution Process has been publicly released for a minimum 45-day formal consultation period
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Thank you



BRCCC: Leading the way in environmental stewardship

Producers Paying the Cost of Obligated Materials and Dispute Resolution Process
Consultation Meeting

ALL DEPOTS



Our Mission



“To continue to lead the way in environmental stewardship to achieve the highest return rate for alcoholic beverage containers and related packaging”



Principles

- 1. Fairness and Transparency** – Provide open market opportunities to all value chain partners to meet environmental objectives
- 2. Operational Efficiency** – Operate an efficient and effective collection, refill and recycling system toward best-in-class performance
- 3. Result-Oriented** – Allow for operational flexibility that drives participation and meets environmental objectives
- 4. Innovation** – Empower operational partners by enabling market conditions that encourage new business models and innovative ways of achieving environmental, social and economic objectives.
- 5. Education and Engagement** – Raising awareness in the value of container reuse and recycling in accordance with the pollution prevention hierarchy
- 6. Continuous improvement** – Continually explore opportunities to improve communication and build stronger relationships with stakeholders while reducing our environmental footprint through system improvements



Commitment

BRCCC acknowledges its responsibility under Section 5(1)(c)(i) of the Recycling Regulation:

“the producer collecting and paying the costs of collecting and managing products within the product category covered by the plan”.

Beverage containers under BRCCC’s Schedule 1 plan include alcohol aluminum cans and refillable glass bottles.



Program Funding

- Brewers internalize stewardship costs into their wholesale pricing and retailers independently set the retail consumer price at their discretion, subject to liquor pricing regulations
- Since the value of unredeemed deposits and sale of recyclable material are insufficient to cover the full cost of management of BRCCC's obligated materials, additional fees are collected from brewers and adjusted on an annual basis to cover all system costs
- BRCCC's revenue streams and expenses are published in its Annual Report made available to the public and interested stakeholders
- There are no additional consumer fees added to the product price at the point of sale



Overview of Collection Services



- BRCCC's collection system optimizes efficiencies through return empty container trips coordinated with full goods deliveries
 - Reverse logistics through return-to-retail remains a vital component
- BRCCC provides a range of return location options to consumers in BC which includes:
 - All BC Liquor Stores (GLS)
 - Licensee retail stores (LRS)
 - Rural agency stores
 - Selected depots
- BRCCC, through BDL, has individual contracts with its collection system partners based on the agreed services provided
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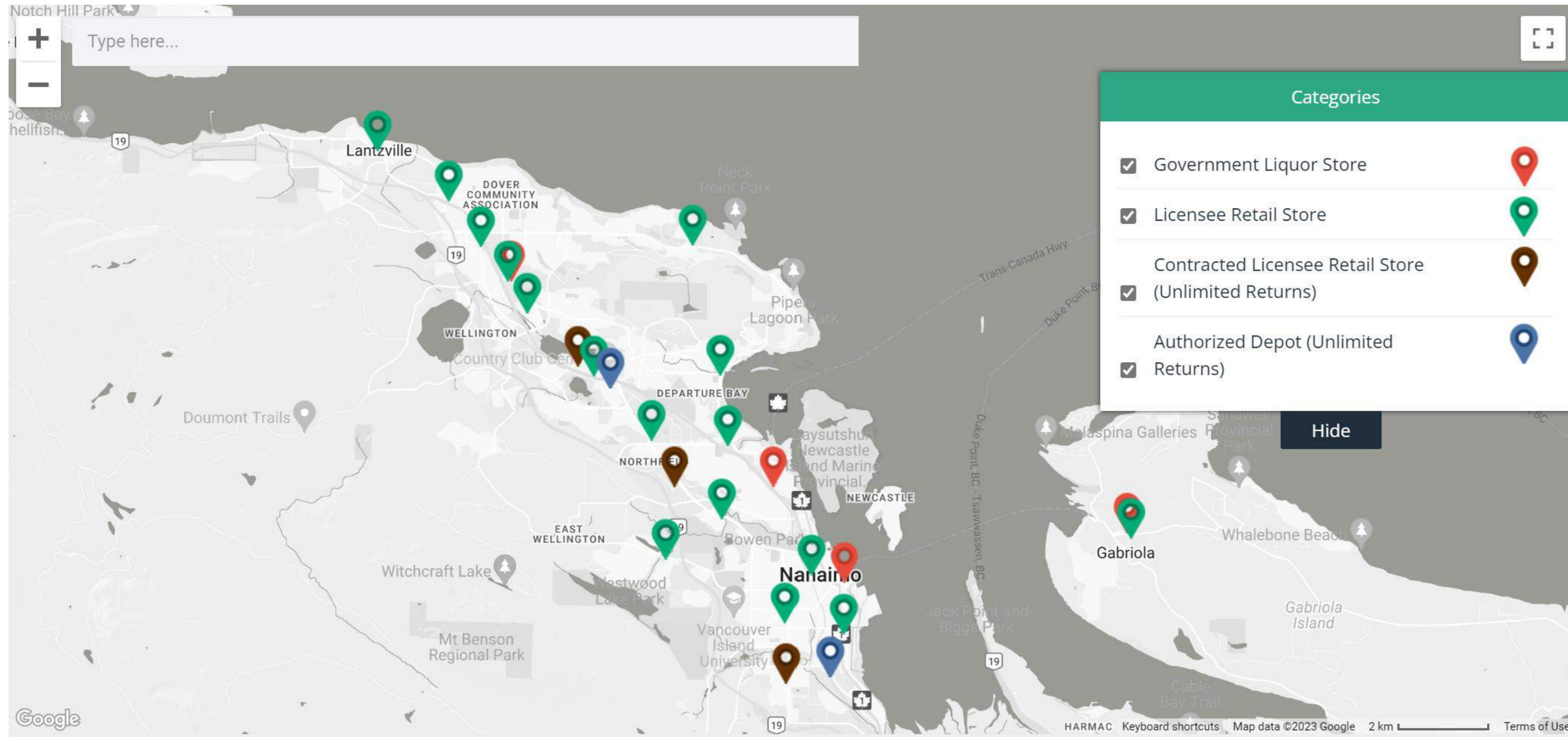
Selection Process & Coverage Review



- Application form can be found on BRCCC's website here:
[Reports & Links | BRCCC \(envirobeerbc.ca\)](#)
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