

MEMORANDUM

TO: Bill Karsten, Chairman and
Members of Solid Waste Resource Advisory Committee

CC: Mike Labrecque, P.Eng., Director, T&PW

FROM: Jim Bauld, Manager, Solid Waste Resources

DATE: June 9, 2009

SUBJECT: FCM Resolution - Phasing Out Bottled Water at Municipal Facilities

At the March 31, 2009 Regional Council meeting, it was moved by Councillor Karsten, seconded by Councillor Uteck, that Items 9.1.2 (Canadian Bottled Water Association Re: Banning of Bottled Water from HRM Facilities) and Item 9.1.3 (Nestle Waters Canada Re: Banning Bottled Water from HRM Facilities) be dealt with jointly and that both items be forwarded to the Solid Waste Advisory Committee for review and comment. MOTION PUT AND PASSED.

On March 7, 2009, the Federation of Canadian Municipalities (FCM) adopted a resolution which:

- encouraged all municipalities to phase out the sale and purchase of bottled water at municipal facilities, where appropriate and where potable water is available; and to
- develop an awareness campaign about the positive benefits and quality of municipal water supplies.

Attachment # 1 is the Resolution adopted at the FCM March 7, 2009 meeting in Victoria BC.

In response to FCM adopting a resolution, both Ms. Gail Cosman, President, Nestle Waters, and Ms. Elizabeth Griswold, Executive Director, Canadian Bottled Water Association, corresponded to Mayor Peter J. Kelly. Ms. Cosman also provided Mayor Kelly an information pamphlet "In the Know" and, in addition, her letter of March 9, 2009 to Mr. Brock Carlton, Chief Executive Officer, FCM.

***Each landfill cell costs \$15 million and is full in three years.
Help extend the life of each cell by recycling and composting.***

TRANSPORTATION & PUBLIC WORKS, Solid Waste Resources

| | | | | | | |
|--|------------------|---------------------------|-------------------------|-------------------|---|--------------------------|
| Real Estate & Facility Services | Metro Transit | Traffic & Right of Way | Municipal Operations | Fleet Services | Service Delivery & Quality Improvement | Solid Waste Resources |
| Tel: (902) 490-6606 Fax: (902) 490-6690 | | | | | | |
| E-mail: bauldj@halifax.ca Web Site: www.halifax.ca | | | | | | |

The correspondence from Ms. Cosman and Ms. Griswold, articulates their position why the adoption of a policy by HRM of not providing or permitting the use of bottled water in HRM facilities is not desired or required. Attachment's # 2, 3, 4 and 5 are the referenced correspondence and pamphlet.

Those that support and those that oppose municipalities across Canada formally adopting a policy phasing out the use of bottled water at municipal facilities, have compelling arguments for their respective position. It is noted that the resolution adopted by FCM does refer to urging "all municipalities to phase out the sale and purchase of bottled water at their own facilities where appropriate and where potable water is available" (emphasis added). Many HRM facilities and places of work, i.e. sports fields, and various HRM vehicles, including Metro Transit buses, Municipal Operations equipment, do not have potable water readily available.

Staff's Comments:

Solid Waste Resources' comments relative to this issue are limited to the current recovery rate and recycling of beverage containers, including bottled water in Nova Scotia as reported by the Resource Recovery Fund Board (RRFB), and to the recovery/recycling of bottled water in the HRM.

Resource Recovery Fund Board - Beverage Container Deposit Refund Program:

As reported by the RRFB, the recovery rate of deposit beverage containers, which includes bottled water, in Nova Scotia was 78.1% in 2008 and 76.7% in 2007. Over the past ten years, the recovery rate in Nova Scotia has exceeded 75%, one of the highest recovery rates in Canada. Other Provinces that have a deposit refund program similar to the Nova Scotia model, also have a recovery rate in the 75% to 85% range. For those Provinces that do not have a deposit refund program, such as Ontario, the recovery rate is substantially less, often in the low 30% range.

Halifax Regional Municipality - Solid Waste/Resources Program:

The recovery/recycling of empty water bottles within the HRM, including at HRM owned/leased facilities, is included in the 78.1% total from all of Nova Scotia. The majority of empty water bottles recovered within the HRM are either through the HRM Blue Bag Recycling program, or through the network of RRFB sponsored Enviro Depots located across the HRM.

***Each landfill cell costs \$15 million and is full in three years.
Help extend the life of each cell by recycling and composting.***

| | | | | | | | |
|--|---|---------------------------------------|---------------------------------|---------------------------|---|----------------------------------|--|
| | TRANSPORTATION & PUBLIC WORKS, Solid Waste Resources | | | | | | |
| <i>Real Estate & Facility Services</i> | <i>Metro Transit</i> | <i>Traffic & Right of Way</i> | <i>Municipal Operations</i> | <i>Fleet Services</i> | <i>Service Delivery & Quality Improvement</i> | <i>Solid Waste Resources</i> | |
| | | Tel: (902) 490-6606 | | Fax: (902) 490-6690 | | | |
| | | E-mail: bauldj@halifax.ca | | Web Site: www.halifax.ca | | | |

A third methodology for the recovery of empty water bottles is at the Otter Lake Front End Processor (FEP), where every garbage bag is opened, and where clean beverage containers, including empty water bottles, are removed and recycled through a local Enviro Depot operated by Youth LIVE. Approximately 3 million empty beverage containers, including water bottles, are recovered annually through the FEP.

The opening of every garbage bag at the FEP, which is not done by any other municipality in Nova Scotia or Canada, was approved by Regional Council in 1996 as a commitment to the residents of the local community, that no putrescible organics or hazardous waste would be accepted at the residual disposal facility at Otter Lake. The opening of every garbage bag enables the HRM to recover the remaining empty water bottles, thereby increasing the recovery /recycling rate greater than the 78.1% Provincial total. A simple extrapolation of HRM at 50% of all material produced annually in Nova Scotia (as reported by NS Environment), yields a recovery/recycling rate of water bottles in HRM of between 85% to 90%.

Should the HRM desire to more fully assess the formal adoption of a policy in support of the FCM resolution at the March 31, 2009 meeting in Victoria, it is suggested that comments be received by all other Business Units, Board and Commissions, and agencies of the HRM.

The Halifax Regional Water Commission would be the agency to implement an awareness campaign of the positive benefits and quality of the municipal water supply.



Attachments

1. FCM's Resolution on Bottle Water
2. Letter dated March 26, 2009 to Mayor Peter Kelly
3. Letter dated March 16, 2009 to Mayor Peter Kelly
4. Letter dated March 9, 2009 to Mr. Brock Carlton
5. Article "In theKnow"

***Each landfill cell costs \$15 million and is full in three years.
Help extend the life of each cell by recycling and composting.***

| | | | | | | | |
|---|--------------------------|---------------------------------------|---------------------------------|---------------------------|---|----------------------------------|--|
| TRANSPORTATION & PUBLIC WORKS, Solid Waste Resources | | | | | | | |
| <i>Real Estate & Facility Services</i> | <i>Metro Transit</i> | <i>Traffic & Right of Way</i> | <i>Municipal Operations</i> | <i>Fleet Services</i> | <i>Service Delivery & Quality Improvement</i> | <i>Solid Waste Resources</i> | |
| Tel: (902) 490-6606 | | | | Fax: (902) 490-6690 | | | |
| E-mail: bauldj@halifax.ca | | | | Web Site: www.halifax.ca | | | |

Communiqué

THE FEDERATION OF CANADIAN MUNICIPALITIES ENCOURAGES REDUCED BOTTLED WATER USE AT MUNICIPAL FACILITIES

Resolution urging tap water over bottled water where appropriate at municipal facilities passed at FCM's national board meeting

VICTORIA, March 7, 2009 – Canada's national municipal organization is encouraging local governments to reduce the use of bottled water in their own facilities where other options are available.

Meeting today in Victoria, B.C., the National Board of Directors of the Federation of Canadian Municipalities (FCM) passed a resolution encouraging municipalities to "phase out the sale and purchase of bottled water at their own facilities where appropriate and where potable water is available."

"Today's action is another illustration of how municipalities are leading by example to encourage environmentally sustainable water choices," said FCM president Jean Perrault, mayor of Sherbrooke, Que.

The resolution does not call for a ban on the sale of bottled water to consumers. "Regulating bottled water for public consumption falls under provincial and federal jurisdiction," said Perrault. "All orders of government must work together to reduce reliance on a product that produces more waste, costs more and uses more energy than simple, dependable municipal tap water."

"This cooperation among governments must extend to investments in local water systems. The most economical and reliable source of drinking water is a first-rate municipal water system. Where these systems are lacking, all orders of government must help fund the necessary infrastructure."

FCM's resolution also calls on municipalities to develop awareness campaigns about the positive benefits and quality of municipal water supplies. Municipalities will determine their local course of action.

The resolution was put forward by the cities of Toronto and London, Ont., over growing concerns for environmental impacts related to the production of bottled water, the energy requirements for the production and transport of bottled water, as well as the disposal and/or recycling of water bottles.

Bottled water containers may be recyclable but they still have to be manufactured and transported, which uses significant energy. Between 40 and 80 per cent end up in the local landfill. That is a burden on the environment and a cost for municipal taxpayers.

About the Federation of Canadian Municipalities (FCM):

FCM is the national voice of municipal governments, established in 1901, representing the interests of municipalities on policy and program matters that fall within federal jurisdiction. With more than 1,775 members representing 90 per cent of Canadians, FCM members include Canada's largest cities, small urban and rural communities, and 18 provincial and territorial municipal associations.

- 30 -

For further information or to arrange interviews, contact Wendy Cumming: (613) 907-6356 / wcumming@fcm.ca

FCM RESOLUTION – NATIONAL BOARD OF DIRECTORS MEETING – MARCH 7, 2009

ENV09.1.02 BOTTLED WATER

WHEREAS bottled water consumes significant amounts of non-renewable fossil fuels to extract, package and transport water creating unnecessary air quality and climate change impacts;

WHEREAS it takes about three litres of water to manufacture a one litre plastic bottle of water;

WHEREAS bottled water companies use municipal water and groundwater sources when a growing percentage of Canadian municipalities have faced water shortages in recent years;

WHEREAS although bottled water creates a container that can be recycled, between 40% and 80% of empty bottles end up as litter and/or are placed directly into the garbage and take up unnecessary space in landfills;

WHEREAS tap water is safe, healthy, highly regulated and accessible to residents, employers, employees and visitors to Canadian municipalities and substantially more sustainable than bottled water; and

WHEREAS some municipalities have enacted by-laws to restrict the sale and purchase of water bottles within their own operations;

BE IT RESOLVED that the Federation of Canadian Municipalities urge all municipalities to phase out the sale and purchase of bottled water at their own facilities where appropriate and where potable water is available; and

BE IT FURTHER RESOLVED that municipalities be urged to develop awareness campaigns about the positive benefits and quality of municipal water supplies.

City of London and City of Toronto, Ontario

HALIFAX REGIONAL
MUNICIPALITY

MAR 26 2009

AG

MUNICIPAL CLERK



Item No. 9.1.2

March 26, 2009

Mayor Peter Kelly
Mayor's Office
1841 Argyle Street, Main Floor
PO Box 1749
Halifax, NS B3J 3A5

| | |
|--|---------------------------------|
| DISTRIBUTION | |
| Distributed to: | |
| <input checked="" type="checkbox"/> Councilors | Meeting <u>Regional Council</u> |
| <input checked="" type="checkbox"/> Mayor | |
| <input checked="" type="checkbox"/> CAO | Date: <u>March 31/09</u> |
| <input checked="" type="checkbox"/> DCAOs | |
| <input checked="" type="checkbox"/> Solicitor | Item No. <u>9.1.2</u> |
| <input checked="" type="checkbox"/> Communications | |
| <input checked="" type="checkbox"/> Other <u>J. Church</u> | |

Dear Mayor Kelly:

The reason for this letter is to clarify much of the confusion and misinformation that exists about bottled water and to offer the Canadian Bottled Water Association (CBWA) as a resource to provide you with factually based information. All statements contained within this document can be verified by independent, arms length third parties.

Recently, it has come to our attention that the City of Halifax is considering a proposal to ban the sale of bottled water from all City buildings and facilities. One of the reasons often cited is that municipal tap water, which is safe and clean, is available so the bottled water alternative is not necessary.

This argument might have some merit if consumers were buying bottled water as an alternative to tap water. However, according to a study conducted in May of 2008 by Probe Research Inc., 70% of adults who purchase bottled water do so as an alternative to buying other packaged beverages, not as an alternative to tap water. As well, CBWA members bottle spring (ground) water, which represents 90% of bottled water sold. As a regulated food product, natural spring water cannot be modified from its natural state (cannot modify compounds, mineral content or add chemicals). Many municipalities use surface water from rivers or lakes, adding chlorine and/or fluoride. So while one might say that water is water, these are in fact different products.

Some policy makers contend that too many plastic bottles end up in landfill. Policy makers should be reminded that water is not the only beverage product available in plastic bottles, in fact, a variety of beverages are available in this type of container. The bottled water accounts for about 9.1% of the entire Canadian beverage industry (Beverage Marketing Corporation, 2006), and plastic bottles account for 1/5 of 1 percent of waste in landfill.



This is further supported upon examination of recycling rates. According to provincial authorities such as Encorp Pacific, Alberta Beverage Container Recycling Corporation, Stewardship Ontario, Eco Enterprises Quebec, and Encorp Atlantic, 2007 recycling rates for plastic were between 60 to 85%. In fact, PET plastic trails only newspapers and aluminum in its value to recycling programs.

Polycarbonate and PET plastic bottles are 100% recyclable. The larger bottles for use with water coolers are typically reusable 40 to 60 times before the need to be recycled. Once recycled, these plastics are used to make everything from playground equipment to automobile parts.

The bottled water industry is certainly doing its part. The trend among our industry has been to develop and use bottles that are thinner and lighter, using less plastic – the weight of the typical water bottles is about half that of other packaged beverages. The CBWA and its partners have been working with local governments to assist in public spaces recycling programs and to increase ALL consumer packaging recycling in order to decrease landfill as well as litter.

One must also question why bottled water is being singled out, given the fact that water is the healthiest beverage option available. If bottled water were the only beverage to be sold in plastic bottles, that choice would be obvious. However, at a time when health providers and policy makers are struggling with sharply increased rates of diabetes and obesity, to ban the sale of calorie-free, sugar-free, and fat-free water, while continuing to allow the sale of other beverages sold in plastic bottles that cannot make these statements, is odd public policy indeed.

Some of the bottled water industry's critics allege that bottled water is not regulated. In fact, bottled water is regulated as a food by Health Canada. Water bottling companies are inspected by the Canadian Food Inspection Agency. Permits to take water must be applied for and obtained from provincial environment ministries. Bottling companies continuously test their product to ensure its quality, and CBWA members must adhere to the Association's stringent Model Code, which includes unannounced third party audits, as a condition of membership.

Others contend that the industry is privatizing water, or taking undue amounts of water resources, to the detriment of others. In fact, permit data from provincial environment ministries confirms that the bottled water industry in fact takes a fraction of 1% of total permitted takings. Put another way, the entire bottled water industry takes as much water out of the ground in a year as 10 golf courses.



Finally, there is the issue of cost. Comparisons have been made between the costs of bottled water to the consumer versus the cost of tap water. Obviously, tap water is the cheaper of the two. Independent market research firm A.C. Neilson has identified bottled water as costing 38 cents per litre (2007), or about 19 cents per 500 ml bottle, while municipalities correctly point out that tap water is available for a fraction of a penny per litre. Why, they ask, does anyone buy bottled water?

As stated above, consumers do not view bottled water as an alternative to tap water but rather as an alternative to other packaged beverages. Bottled water could not compete, on the basis of cost, with tap water. Like other beverages, bottled water will always be cheaper when purchased by the case (i.e. 24 units) as opposed to purchasing one individual serving from a convenience store or vending machine.

While the decision to ban bottled water from city halls, community centres and skating rinks is largely symbolic, there are some concrete and positive steps that policy makers can take in order to make a real difference. First, increase the number of recycling receptacles and containers in public spaces. History has demonstrated that the public will participate in recycling programs when they are available. Secondly, conduct enhanced public education campaigns about litter and recycling, whether that litter and recycling consists of a plastic bottle or a paper cup, so that littering becomes socially unacceptable and recycling becomes the standard even when out of the home. Finally, the CBWA encourages municipalities to not only maintain their current high standards for tap water, but also to instill greater public confidence in their water infrastructure. Canadians should feel confident about their public services.

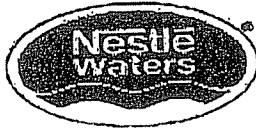
The CBWA would be interested in meeting with you in April as the CBWA is holding its annual convention in Halifax, to discuss in more detail the points briefly outlined in this letter, and other important matters regarding the bottled water industry. Please feel free to have your staff contact me direct through my office at (905) 886 6928 to arrange a convenient date and time for us to meet. We look forward to providing you with details on the bottled water industry and understanding the needs of the City of Halifax.

Sincerely,

A handwritten signature in cursive script that reads 'Elizabeth Griswold'.

Elizabeth Griswold
Executive Director
Telephone: 905.886.6928
Email: griswold@cbwa.ca
Website: www.cbwa.ca

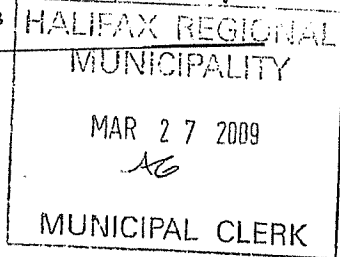
Item No. 9.1.3



101 Brock Road South, Guelph, Ontario N1H 8H5 TEL 519-763-9452 FAX 519-763-8158

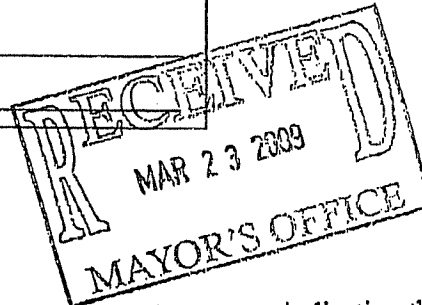
MUNICIPAL CLERKS OFFICE

Distributed to:

☒ Council *NESTLE WATERS CANADA Reg Council*
☐ Mayor
☐ CAODate: Mar 31/09☒ DCAOs☒ SolicitorItem No. 9.1.3☒ Communications☒ Other J. Church

March 16, 2009

Mr. Peter J. Kelly
 Mayor
 Regional Municipality of Halifax
 Post Office Box 1749
 Halifax, Nova Scotia
 B3J 3A5



Dear Mayor Kelly;

The purpose of my writing is to express my concern about recent media reports indicating that a ban on the sale of bottled water could possibly be discussed once again at the Regional Municipality of Halifax.

In our position as Canada's largest manufacturer and distributor of bottled water, the possibility of a ban is troubling to our employees, customers and business partners who live and conduct commerce in your community.

Given the current uncertain economic environment that exists across this province and this country, we are of the view that a ban would impact the current employment outlook for our industry as well as future job creation, environmental stewardship and industry investment prospects.

We believe we have a solution to concerns recently expressed by some of your fellow members of Council about bottled water, if those concerns are principally related to recycling and litter. We and our industry partners recently entered into a \$7.2 million, three-year agreement with the Government of Quebec and municipalities across that province to collect and recycle plastic beverage containers and other recyclable materials in public spaces. The pilot program that triggered this agreement resulted in, on average, an 85 percent participation rate amongst consumers and businesses. We would be interested in talking to you about the feasibility of introducing this methodology in your facilities.

It is important to note that bottled water makes up about 40 percent of all beverages sold in plastic containers in Canada. Waste audits conducted nationally indicate that bottled water containers account for less than one-fifth of 1 percent of the waste stream. If the bottled water industry was to disappear tomorrow, there would be no appreciable reduction in the amount of refuse going to landfill.

-2-

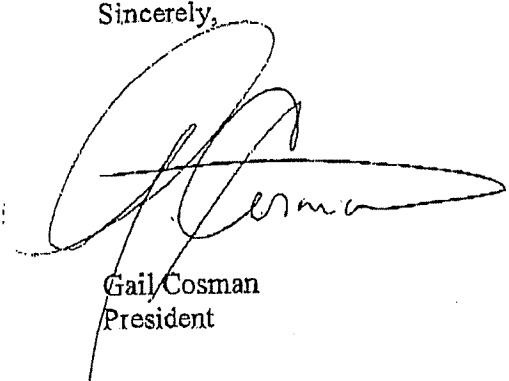
Bottled water is proving to be particularly helpful at a time when the incidence of obesity and diabetes are on a significant increase amongst young Canadians born after 2000. More than 60 percent of Canadians consume bottled water each and every day because it is a portable, accessible and healthy choice. They are not choosing bottled water over municipal tap water.

They are choosing bottled water over other bottled beverages that do not have the same health benefits as bottled water does. All residents of Halifax need to be encouraged to consume more water, whether from bottled or tap sources, to help them live more healthy lifestyles.

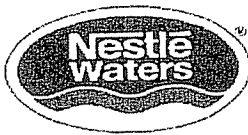
I have attached a brief document that I am certain will assist you in your future discussions with colleagues and constituents about bottled water. If you require additional copies, please have your staff contact John Challinor II, our Director of Corporate Affairs, by telephone at 1 888 565-1445, Ext. 6441 or via email at john.challinor@waters.nestle.com.

Mayor Kelly, I would appreciate the opportunity to meet with you and your senior staff at your earliest convenience so that a common understanding about our products and your concerns is achieved. In the interim, should you have any further comments, questions or concerns, please feel free to contact me by telephone at 1 888 565-1445, Ext. 6422 or via email at gail.cosman@waters.nestle.com.

Sincerely,



Gail Cosman
President



NESTLÉ WATERS CANADA

101 Brock Road South, Guelph, Ontario N1H 6H9 TEL 519-763-9462 FAX 519-763-8156

March 9, 2009

Mr. Brock Carlton
Chief Executive Officer
Federation of Canadian Municipalities
24 Clarence Street
Ottawa, Ontario
K1N 5P3

Dear Brock;

The purpose of my writing is to respectfully request the opportunity to have bottled water industry representatives appear before your Board of Directors at its earliest convenience to make a presentation about the industry's progress related to environmental stewardship – and respond to any questions, comments or concerns you and your Board may have.

The genesis of this outreach is a recent Federation of Canadian Municipalities resolution regarding bottled water, where some mis-information about our industry was communicated in the resolution and, beyond that, an unfortunate call-to-action was advised about our products.

Contrary to what the resolution states, the facts about bottled water are as follows:

“Whereas bottled water consumes significant amounts of non-renewable fossil fuels to extract, package and transport water creating unnecessary air quality and climate change impacts.”

The bottled water available to 40 percent of the Canadian population comes from within the Great Lakes Basin, so shipment by air doesn't occur. Bottled water produced by Coke and Pepsi is bottled in Mississauga and Brampton. Bottled water produced by Nestlé Waters Canada is bottled in Aberfoyle. There are bottling plants located in Quebec and across Western Canada to serve those areas of the country. There probably isn't another mass-produced packaged food product used by Canadians that is in as close proximity to them as bottled water is. Nestlé Waters Canada recently mapped its carbon footprint and determined that the bottle represents 55 percent of its greenhouse gas emissions. It has reduced the amount of plastic it uses in that bottle by 30 percent since 2000. Bottled water has the smallest carbon footprint of any consumer beverage, whether measured by water volume, plastics/oil usage or greenhouse gas emissions.

“Whereas it takes about three litres of water to manufacture a one litre plastic bottle of water.”

This is incorrect. According to Environment Canada, it takes 1.5 litres of water to produce one litre of bottled water. By comparison, it takes 3 litres of water to produce one litre of soft drinks; it takes 28 litres of water to produce one slice of brown bread; it takes 42 litres of water to produce one litre of beer; it takes 53 litres of water to grow and market an orange; and it takes 183 litres of water to produce one 8-ounce glass of milk. Water is a fundamental requirement for the processing, manufacture and distribution of all food consumed by human beings.

“Whereas bottled water companies use municipal water and groundwater sources when a growing percentage of Canadian municipalities have faced water shortages in recent years.”

According to Environment Canada, the Canadian bottled water industry uses just .02 percent of permitted water in Canada compared to thermal power generation (64 percent), manufacturing (14 percent), municipalities (12 percent), agriculture (9 percent) and mining (1 percent). According to A.C. Nielsen, more than 90 percent of bottled water comes from spring sources on private property. The remainder comes from municipal sources. The Canadian bottled water industry has never been cited by any provincial or federal environmental agency as being the source of any shortages of municipal water supply.

“Whereas although bottled water creates a container that can be recycled, between 40% and 80% of empty bottles end up as litter and/or are placed directly into the garbage and take up unnecessary space in landfills.”

This is incorrect. According to the provincial stewardship agencies responsible, the recovery rate for plastic beverage containers averaged 60 percent across Canada in 2007, but varied between 55 and 93 percent provincially. A 2005 single family housing waste audit conducted over four seasons in Toronto found an 87.8 percent recycling rate for PET beverage containers. Plastic water bottles make up just 40 percent of the total volume of plastic beverage containers used by the beverage industry. Most plastic beverage containers contain soft drinks and sweetened juices. Plastic water bottles account for about one-fifth of one percent of the municipal solid waste stream in Canada. If the bottled water industry was to disappear tomorrow, there would be no appreciable reduction in the amount of refuse going to landfill.

“Whereas tap water is safe, healthy, highly regulated and accessible to residents, employers, employees and visitors to Canadian municipalities and substantially more sustainable than bottled water.”

This is incorrect. Bottled water is held to the same scrutiny as tap water. By law, Health Canada regulations for bottled water must be as strong and protective of public health as Ontario Ministry of Environment regulations for tap water. Bottled water is regulated as a packaged food product by Health Canada through the Food and Drug Act. With respect to regulation, the Regional Municipality of Waterloo, for example, reported on September 9, 2008, that it did 10,000 tests on its water supply in 2007. Nestlé Waters Canada performs more than 1,700 tests on its water supply daily at its Aberfoyle plant or more in one week than Waterloo Region does in one year. A copy of our testing activities is available upon request. Testing is also conducted via surprise inspections by the Canadian Food Inspection Agency, Health Canada, the Canadian Bottled Water Association and NSF. Nestlé Waters Canada takes a multi-barrier approach to water safety. The Company subjects its finished products and source water to microbiological analysis every day that exceeds the microbiological requirements outlined in the Safe Water Drinking Act, which governs both municipal tap water and bottled water. The Company is required to test for 160 compounds in both source and finished product for coliform, E-coli (daily), coliform, E-coli (weekly), chemicals (quarterly) and metals, chemicals and minerals (annually). Water samples are also sent to a third party independent lab for analysis every week. Basic chemical and physical analysis of bottled water is completed daily. Annually, we conduct a full spectrum analysis on each water source for primary inorganics, secondary inorganics, radiologicals, volatile organic compounds, organics, disinfection byproducts, pesticides, herbicides, physical contaminants as well as several other potential chemical contaminants. In addition to the tests identified above, there are many on-line quality checks performed by our operators on an hourly basis to ensure the chemical, microbiological and physical safety of the finished goods produced at our plants. Our testing levels meet or exceed all requirements of Health Canada and other governing bodies. The annual monitoring reports are conditions of our permits and are submitted to the province and other public agencies. As such, they become public documents upon receipt.

“Whereas some municipalities have enacted bylaws to restrict the sale and purchase of water bottles within their own operations.”

Thirty-six municipalities and school boards across Canada have formally rejected calls for bans on bottled water, while just 13 local governments have approved same, to date. But, rather than focus on bottled water, several thousand local governments have quite rightly determined that repairing aging water and sewer infrastructure, improving on the delivery of basic municipal services and keeping property taxes low are more important priorities -- and most Canadians agree. In a survey conducted last Fall by Leger Marketing, a majority of Canadian taxpayers said they are opposed to bans on bottled water.

Brock, we view municipalities across Canada as important partners in environmental sustainability, health and wellness and emergency support – and the vast majority of them view us the same way. Today, we and our industry partners fund a minimum of 50 percent of the cost of municipal recycling programs across Canada. At our industry's initiative and expense, we are in the process of implementing a pilot public spaces recycling program in Sarnia modelled on the successful program we introduced in Quebec in June 2008.

In 2008, Nestlé Waters Canada was a minor sponsor of the annual FCM Conference. We are currently reviewing what our participation level will be this year.

I have attached some related background information about our Company and our industry that I trust you will find insightful.

In conclusion, as we have for the last 25 years, we are only interested in continuing to work constructively with Canadian municipalities, rather than allow that strong relationship to erode because of isolated mis-information, mis-understandings and mis-communications.

Brock, please let me know if a presentation to the Board or a Committee of the Board is desired and/or possible by contacting me via Canada Post, email at john.challinor@waters.nestle.com or by telephone at 1 888 565-1445, Ext. 6441.

Sincerely,

John B. Challinor II APR
Director of Corporate Affairs

cc: Elizabeth Griswold, Executive Director, Canadian Bottled Water Association
Jean Perrault, President, FCM
Justin Sherwood, President, Refreshments Canada

In the Know



Your guide to bottled water and Nestlé Waters Canada

WHO WE ARE

Nestlé Waters Canada, a division of Nestlé Waters North America, is the leading bottled water company in Canada. Our family of well-known brands includes Nestlé® Pure Life®, Natural Spring Water and Montclair® Natural Spring Water, as well as international bottled water brands such as Perrier®, S. Pellegrino® and Acqua Panna®. We are affiliated with Nestlé Waters, based in Paris, the bottled water subsidiary of the Swiss company Nestlé, S.A.

Nestlé Waters Canada currently operates facilities in Puslinch, Ontario; Laval, Quebec; Hope, British Columbia; and Chilliwack, British Columbia. We employ more than 500 associates across Canada.

Your Health

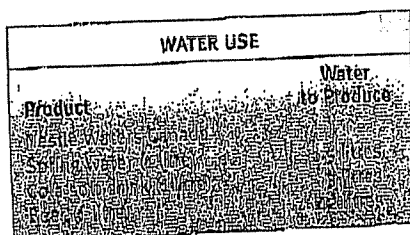
According to the Dietitians of Canada, the human body needs 8 - 12 cups of liquids a day to stay well hydrated¹. With no calories, carbohydrates, caffeine or artificial additives, bottled water is the natural choice for a growing number of active, health-conscious consumers.

In recent years, Canadian consumers, and consumers around the world, have chosen bottled water as a safe and accessible healthy beverage alternative to sweetened drinks in record numbers. Currently, 63% of Canadians say that they are trying to increase their water consumption as part of a healthy lifestyle². In fact, 95% of current bottled water drinkers switched from other packaged beverages to bottled water³.

At Nestlé Waters Canada, we are proud to provide high quality beverage products to meet this significant and growing demand.

Water Use

It may come as a surprise but bottled water actually requires significantly less water to produce than most other beverages, making it a water source-friendly beverage.



Source: Eshleman, K., *Drinking Water Research Foundation study summary*, Coca-Cola Company, Environmental Protection Agency (EPA)

While bottled water manufacturers are an obvious user of water, the total extraction of water by Canadian-based water bottling companies is actually very small. Commercial bottled water production in Ontario accounts for less than 0.0014% of all water used by other permitted users including commercial, agricultural, industrial and recreational⁴.

¹ Dietitians of Canada, *Beat the Heat with Lots of Fluids*, August 11, 2006.
<http://www.dietitians.ca/resources/resourcesearch.asp?in=view&contentid=6898> (October 10, 2007)

² <http://www.horizonjuice.com/> (October 10, 2007)

³ ACNielsen PanelTrack Health & Wellness Survey 2006

⁴ Neilson HomeScan 2006

⁵ Ontario Ministry of the Environment, 2007

How much water do bottled water producers use compared to others?

(Permits issued by the Ontario Ministry of the Environment as of May 2007)

| PERMITS | | |
|------------------------------------|---------------|--|
| Industry | Total Permits | Total Permitted Taking (million cubic metres per day) |
| Agriculture | 2,944 | 7.59 |
| Water Supply | 1,106 | 18.36 |
| Commercial | 89 | 2.12 |
| Miscellaneous** | 612 | 25.79 |
| Industrial*** | 514 | 5.15 |
| Dewatering/Dewatering Construction | 345 | 13.97 |
| Recreational | 20 | 3.04 |
| Remediation | 30 | 6.18 |
| Construction | 13 | 9.72 |
| Bottled Water | 25 | 0.02 |
| Industrial**** | | 0.02 |

* Includes municipal, communal and campgrounds water supply

** Includes aquaculture, golf course irrigation, mall/businesses, snowmaking, other

*** Includes dams & reservoirs, heat pumps, pumping tests, wildlife conservation, other

**** Includes aggregate washing, brewing & soft drinks, cooling water, food processing, manufacturing, pipeline testing, power production, other

Source: Ontario Ministry of the Environment

ENVIRONMENTAL EXCELLENCE

At Nestlé Waters Canada, we recognize that water is essential to our ecology and sustaining life in all its forms. That is why painstaking care is taken to select sources that are high-quality, abundant and readily replenished. We monitor the water levels and conditions at our sources, and we use state-of-the-art quality practices in our bottling processes to ensure a safe and natural beverage.

Earth-Friendly Facilities

Mindful of the environment and natural resources, Nestlé Waters Canada is a leader in conserving natural resources and minimizing waste. In 2006, we invested \$2.5 million in new technology that made our Puslinch bottling facility 10% more water efficient. We hope to increase our water efficiency by another 20% in 2008. We are continuously working to find new and innovative ways to make our Canadian facilities more efficient.

Reducing our Impact

Bottled water containers in general use less plastic than carbonated soft drinks or other plastic beverage containers. At Nestlé Waters Canada, we are committed to finding new and innovative ways to reduce our packaging. For example, in the last five years, we have reduced the plastic content in our packaging by approximately 30% and our corrugate use by 65%.

Our "Eco-Shape" bottle, available in 500 millilitres, has reduced the amount of plastic in our bottles by 15%. The bottle feels different to the consumer, but we believe they will appreciate the lower plastic resin content. This new bottle design is for all of our brands in North America and will save approximately 30 million kilograms of plastic resin a year.

In addition to reducing the environmental impact of our bottles, we constantly look for ways to reduce the environmental impact of our activities. We have started to produce our plastic bottles onsite,

reducing the kilometres traveled by our trucks. Our new \$15 million warehouse expansion, expected to begin in 2008, will reduce the number of trucks traveling to and from our facility by 1,500 per year.

| 1/2 LITRE SPRING WATER BOTTLE WEIGHT REDUCTION | | |
|---|-------|-------|
| 2002 | 2007 | 2008 |
| 24.1g | 20.1g | 20.1g |

Reusing Materials

When possible, Nestlé Waters Canada's facilities reduce waste by reusing items such as corrugate, wooden pallets and shipping containers.

Recycling Focused

All of our packaging is 100% recyclable and our corrugated trays are made from 100% recycled fibre. Nestlé Waters Canada promotes the recycling of our bottles. We also actively support long-term research into new environmentally focused packaging technologies such as biodegradable bottles.

OPEN COMMUNICATION, CLOSE CONSULTATION

At Nestlé Waters Canada, we believe that corporate responsibility is more than just good business – it's a bond we share with the communities where we live and serve. Our commitment to being a good neighbour comes in various forms including disaster relief and support of local community programs.

Nestlé Waters Canada is proud to support environmental, community, health and fitness and educational programs and events across Canada. We routinely work with a variety of national and regional organizations including:

Unicef Canada
United Way of Canada
Second Harvest Food Bank
Habitat for Humanity Canada
Girl Guides of Canada
The Foundation for Families
(Canadian Tire)
Kids Help Phone
Friends of Mill Creek
Puslinch Fire Department
Table pour la récupération
hors foyer
Hope Volunteer
Search and Rescue
British Columbia Ambulance
Service Flood Relief
Chilliwack Initiation
Hockey Tournament
Waste Reduction Week

Nestlé Waters Canada welcomes questions from the public. Canadians can contact Gail Cosman, President of Nestlé Waters Canada, directly at comments_for_the_president@waters.nestle.com. Gail personally responds to all inquiries.

How do you monitor the quality of your bottled water?

Nestlé Waters Canada takes a multi-barrier approach to water safety. We subject all of our finished products and our source water to daily microbiological analysis that exceeds the microbiological requirements as outlined in the Safe Drinking Water Act. Water samples are also sent to a third party independent lab for analysis every week. On a daily basis we conduct 1,700 quality and 60 quantity tests.

Is the Canadian bottled water industry regulated?

Yes. Bottled water is extensively and strictly regulated under the Food and Drugs Act and Regulations as a food product. The Food and Drugs Act sets identity standards, provides a basis for labelling requirements and establishes the safety parameters for bottled water and all other food products. Manufacturers and Importers of bottled water are inspected and monitored by the Canadian Food Inspection Agency (CFIA) to help ensure that the products are safe and wholesome⁹.

How much do you pay for the water you take?

In Ontario, we currently pay a \$3,000 application fee for our Permit to take Water, but do not pay for the water itself. In the future, we will pay \$3.71 per million litres extracted to the Province of Ontario. Nestlé Waters Canada fully supports the concept of paying our fair share for water usage along with other water users.

Water is a shared resource. Why should Nestlé Waters Canada be allowed to bottle this valuable natural resource?

Canadian consumers are choosing bottled water as a healthy beverage alternative in record numbers.

At Nestlé Waters Canada, we believe that bottled water manufacturers have an important role to play in offering consumers a healthy, portable and convenient alternative to other bottled beverages. We are proud to provide high quality beverage products to meet this significant and growing demand.

I've seen bottles of Nestlé Pure Life in the U.S. and other countries around the world. Are you shipping our water around the world?

Nestlé Pure Life is a global brand produced locally and close to the consumer. Nestlé Pure Life is produced around the globe, from local water sources, in countries as widespread as China, South Africa, Mexico, Canada and the U.S.

In Canada, for example, 98% of the water extracted at our Puslinch, Ontario, facility goes to Ontario and Quebec, ensuring that the vast majority of water stays within the Great Lakes/St. Lawrence water basin. The other 2% of the water is distributed within Canada and the northeast United States.

⁹ <http://www.inspection.gc.ca/english/lsna/concern/specifi/bottlwate.shtml> (November 13, 2007)

Nestlé Waters Canada
101 Brock Road South
Guelph, ON N1H 6H9
Phone: (519) 753-2462
Fax: (519) 763-8156
Toll free: 1-888-565-1445
comments_for_the_president@waters.nestle.com
www.nestle-watersna.com



Nestlé Waters Canada
is a proud sponsor of
Waste Reduction Week
in Canada

