

PPSReview

**Product & Packaging
Stewardship Review**

MANAGING WASTE RESPONSIBLY

An information service for municipal governments
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Ontario brand owners told to budget for blue box fees as of May 1, 2003

Brand owners whose products and packaging find their way into Ontario blue boxes have been advised they could be paying their share of recycling costs as early as May of next year.

At an industry consultation workshop held December 3 in Toronto by the newly-formed Stewardship Ontario, program manager Derek Stephenson said the exact date when brand owners would be obligated was uncertain. In a timetable included with the package given to all workshop attendees, however, May 1 is listed as the expected "Date of Obligation", and the beginning of invoicing of registered companies.

Keith West, director of the waste

management policy branch of the Ministry of the Environment (MOE), noted the funding plan to be established by Stewardship Ontario must raise funds not just to support municipal recycling programs, but also for research and development, administration and promotion and education.

Tim Moore, who is chair of Waste Diversion Ontario (WDO), said looking ahead five years, "there could be nine industry funding organization (IFOs), with Stewardship Ontario only one of them."

As general manager of Clorox Canada, Mr. Moore said: "we're not here because we want to be here; we're

here because we have to be here."

Mr. Moore is also chair of CSR: Corporations Supporting Recycling. He will however be leaving Clorox, and resigning his CSR and WDO positions in March.

Mr. Moore said the WDO board is "awaiting direction from the Minister" regarding the as yet empty seat reserved for a non-governmental minister-appointed board member.

Stewardship Ontario will comprise, initially, representatives from the major consumer product organizations, but could be expanded to "perhaps 20 members," said Mr. Moore.

Its mandate is "to discharge its members obligations at the lowest possible cost," he said.

LATE-BREAKING NEWS

Ontario designates scrap tires, and "waste" oil (briefly)

Notices were posted on the Ontario Environmental Bill of Rights (EBR) website, November 28, that scrap tires and waste oil were designated materials under the Waste Diversion Act.

The Ontario Minister of Environment will shortly request Waste Diversion Ontario to develop a diversion program for scrap tires.

The oil designation, which was to include used oil, off-spec oil, used oil filters and empty containers up to 30-litre capacity, was withdrawn shortly after being posted, following complaints from industry representatives that the definitions were inappropriate.

Used oil was expected to be posted for a second time during the first week of December. It was not. As of press time (9 a.m., Tuesday) it had not reappeared.

See Stewardship Ontario—Page 3/6

INSIDE THIS SIX-PAGE ISSUE

<i>News in Brief</i>	2/6
<i>WDO \$\$\$</i>	3/6
<i>What they'll pay</i>	4/6
<i>Calendar</i>	5/6
<i>Editorial</i>	6/6

Briefly...

HP AGREES TO SUPPORT LEGISLATION, CALIFORNIA SENATE SEES NEW E-BILL

The sponsor of a bill seeking to impose an advanced recycling fee on electronic goods, vetoed by California Governor Gray Davis, submitted a new bill to the state Senate on the opening day of the new session. The move follows an announcement by Hewlett Packard, the world's largest producer of computers, that it would support such legislation. This fall, the Governor, in rejecting the bill, cited concerns about the staffing support the bill required—64 jobs “at a time the Legislature directed the Administration to cut 7,000 positions.” The Governor had called on the industry to come up with a stewardship solution.

*www.bayarea.com/mld/mercurynews/
Mercury News, November 2002*

CLOSE TO 90,000 AOL CDs RETURNED

In an effort to get AOL to stop sending out unsolicited CDs, two California men have started a website asking people to send the discs to them. Once the two have collected a million discs, they say they'll drive them to AOL's headquarters in Virginia. Close to 90,000 CDs had been received at press-time, including more than 25,000 from Germany, 11,000 from the United Kingdom and 100 from Australia.

www.nomoreaolcds.com

PLASTIC BAGS TO BE THICKER IN SOUTH AFRICA

The Government of South Africa is now requiring a thicker plastic be used to manufacture shopping bags. After negotiating with industry and union representatives, the government backed away from a ban on plastic bags (a major litter problem and a hazard for animals) and came to an agreement with industry to make the bags thicker. As a result, the cost of the bags will be higher, prompting stores to charge for the bags or not use them at all. Environment

Minister Valli Moosa said the agreement between industry, trade unions and government would serve as a benchmark for other countries trying to cut back on plastic bags.

Reuters News Service, October 1, 2002

PLASTIC PAINT CAN CONVENIENT FOR USE, NOT FOR THE ENVIRONMENT

Dutch Boy brand interior latex paint is now available packaged in an all-plastic extrusion blow moulded container. The 3.78-litre HDPE jar comes with an integral handle that fits around the neck and bends up for carrying, an injection molded insert in the neck that functions as a spout and a large screw-on lid. The company is promoting the ease-of-use of the new package. No tools are needed to open the can, the design minimizes spilling and drips, and it is a convenient square shape.

(PPSR Editor's note: This convenience for the consumer does not extend to the environment. Unlike a metal paint can with dried paint inside, which can be easily recycled, a plastic paint can with dried residue would be very difficult to recycle.)

*Canadian Plastics, November 2002
www.canplastics.com*

CLOROX, P&G ANNOUNCE JOINT VENTURE

The Clorox Company, which makes Glad bags, and Procter & Gamble have reached a non-binding agreement in principle to establish a joint venture in the production of food and garbage bags, containers and wraps under the Glad and associated brand labels. Still subject to final negotiations, the arrangement would see P&G provide up to 20 full-time staff and have a 10 per cent interest in the joint venture, with an option to increase that to 20 per cent.

Procter & Gamble news release, November 14, 2002

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The current issue of PPSReview, and past issues, are available for viewing on the Internet (www.productstewardship.org).

Anyone wishing to support the Fair Comment Project may email Ben Bennett (bbc@albedo.net). Confidentiality is guaranteed.

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**PPS
Review
November/
December
2002**

Page 2/6

Ontario minister's letter sets stage for WDO blue box funding support

Ontario Environment Minister Chris Stockwell has formally asked the new Waste Diversion Ontario (WDO) board "to develop a waste diversion program for blue box waste," but questions remain about where all the LCBO money is headed.

In a letter dated September 23, 2002, the Minister says he would like to have an operating agreement for the WDO board in place by the end of the year. He would like the blue box program submitted for his approval by February 28, 2003.

In an addendum included with his letter, Minister Stockwell says the program should include targets for the "overall quantity" of blue box waste and "per material targets" for wastes to be captured.

The funding totals will account for the voluntary contribution of the LCBO of \$5 million per year for the years 2003 to 2006 "to help cover the cost of recycling glass alcohol beverage containers in municipal blue box programs," as expected. But the sentence goes on to say "...any

administrative expenses incurred by the WDO and the designated IFO, and efforts to improve the effectiveness and efficiency of blue box waste diversion," which was not expected.

While \$1 million of the LCBO's 2002 contribution was earmarked for WDO administrative costs, leaving \$4 million to be distributed among Ontario recycling programs, the LCBO's subsequent contributions were understood to be applied directly to offset municipal costs. Indeed, this is the assumption of the WDO board, which has subtracted \$5 million from the industry funding calculations (see Page 4/6).

Unlike the other materials in the blue box, where a 50 per cent of net cost principle is being applied, the cost of managing wine and liquor bottles is to be covered by a flat annual payment from the LCBO.

How the LCBO figure was calculated, and why wine and liquor bottles are being treated differently is not revealed in the minister's letter, or in the addendum.

The addendum also notes that \$1.3 million should be taken into account for funding considerations to reflect the in-kind contribution to be made by the Canadian Newspapers Association (CNA) members. It is not clear whether this figure represents the regular cost of advertising space, or other services offered by newspapers (such as insert production and insertion costs).

Stewardship Ontario (cont'd from Page 1/6)

Mr. Stephenson's presentation looked at the estimated recycling tonnages available (based on waste composition studies conducted across the province: see below), the estimated costs to manage recyclables in 2001 (on which the 2003 payments will be made—see page 4/6), how material-specific obligations were assessed, and what the fees might be per material (see Page 4/6).

In October, CSR was named by WDO as the secretariat to the Blue Box and Blue Bag Industry Funding Organization. According to a November 6, 2002 CSR news release, the new IFO has now been formally renamed

Stewardship Ontario. Dennis Darby, chief external relations office for Procter and Gamble is chair of the new organization. The vice chair is Larry Griffin of Loblaw Brands Limited. Diane Brisebois of Retail Council of Canada serves as treasurer.

The December 3 workshop will be followed by a webcast on the funding formula, on which fee calculations will be based, on **December 17**. Reference documents will be posted on the website December 12.. A second workshop is scheduled for **January 16**, 2003. More information can be found at: <www.stewardshipontario.ca> .

What is available and what is currently recovered

Material	Ontario Tonnes available in 2001	Tonnes Recovered (source— Data Call)
Newspaper	529,800	} "paper" = 526,200
Other printer paper	250,900	
Paper packaging	259,500	
Plastics	172,600	26,900
Ferrous	68,600	32,600
Aluminum	27,900	10,900
Glass	179,500	102,600
Laminated packaging	149,200	No separate figure available
Total	1,638,000	699,000

PPS
Review
November/
December
2002

Page 3/6

WDO—the funding, the deductions, the in-kind, and finally, the distribution

How much funding municipalities can expect to receive under the Waste Diversion Ontario (WDO) process is being based on the gross province-wide costs of the blue box program, less the revenues.

The gross cost, based on an extrapolation of statistics from 12 municipal programs representing 58% of Ontario's population, was estimated to be \$129.2 million. This represents an average gross cost of \$184.70 per tonne x 699,300 reported 2001 tonnes.

Originally, revenues were a point of some contention between the Association of Municipalities of

Ontario (AMO) and CSR representatives who developed the figures. AMO had assessed revenues at \$56 million, while CSR put the figure at \$74 million.

Eventually, the team agreed on a "rolling average" across three years, which produced a figure of \$66.7 million. The net recycling cost of \$62.5 million was then divided in two for an industry funding obligation of \$31.25 million.

The \$5 million Liquor Control Board of Ontario (LCBO) funding commitment and the proposed \$1.3-million Canadian Newspapers

Association (CNA) in-kind contribution were then removed for a net industry funding commitment of \$24.95 million.

A further 10 per cent will be deducted from this figure and assigned to an Innovation and Efficiency Fund, leaving approximately \$22.5 million to be distributed among Ontario's municipalities.

A funding allocation formula based on material density, population and recovery rates will then be used to assess the individual municipal payments.

Those attending the WDO information sessions in early November were told it is hoped payments made to municipalities will begin next summer.

What they'll pay (preliminary numbers)

The following are the per-kilogram fees, based on current calculations, for stewards obligated under the blue box funding regulation. Speaking at the December 3 meeting organized by Stewardship Ontario, program manager Derek Stephenson stressed that the figures are preliminary but do offer a guide to what the levies to the stewards might be.

NOTE: the figures are per kilogram, so a plastic package weighing 60 grams (approx 2 oz.) would be levied at the rate of 0.44 cents at the high end. A 240-gram (8 oz.) glass jar, would be levied at about 0.9 cents at the high end.

Material	Fee (cents per kilogram)
Old newspapers (ONP)	0.03—0.04
Printed paper	1.4—1.7
Paper Packaging	4.2—4.5
Plastics	6.2—7.3
Laminated Packaging (polycoat containers and drinking boxes)	4.1—5.9
Ferrous (steel cans)	5.0—5.3
Aluminum foil	4.1—4.9
Glass bottles and jars	3.5—3.7
Aluminum cans	No fee

The "nexus" test

There are some constitutional issues that are key to the stewardship debate. One of these is known as the "nexus" test. Any fee which is to be levied on a package or product must be to cover a service.

In the case of the Waste Diversion Act, the service would be the collection and processing of an item for recycling. If it can be shown that an item is not recycled, a case may be made that the fee is not applicable.

(Editor's note: These are rather arcane legal issues but they may become significant in the event that brand owners of goods whose packaging is not recycled are still levied by the Industry Funding Organization.)

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**PPS
Review
November/
December
2002**

Page 4/6

Alberta next to see recycling fees on beverage containers

Following the lead of Encorp Pacific in British Columbia, the Alberta Beverage Container Recycling Corporation (ABCRC) has asked its manufacturers to include a container recycling fee on invoices to distributors, which in turn is showing up on retail receipts. Most fees are 3—7 cents; aluminum cans are “free”.

While the separated recycling fees on beverage containers make the costs more visible, according to the industry, they are not finding favour with the Recycling Council of Alberta (RCA).

“This fee is only confusing to the public, and should be integrated into the price of the product, as is any other cost of doing business,” said RCA executive director Christina Seidel.

According to the ABCRC, the fee is designed “to provide permanent financial stability to the province's beverage container recycling system.”

“Rather than hide these costs,” said ABCRC spokesman John Nixon, the move “has made them transparent and visible so consumers know the real costs of the recycling system.”

Industry comments regarding the educational value of the visible CRF “don't hold water,” said Ms Seidel.

“If receiving your deposit back is not enough incentive to return a container for recycling, then the likelihood that a non-refundable recycling fee will somehow educate consumers to recycle is remote.

“It is far more likely that the manufacturers want to educate the consumer about what they see as the high price of our very effective recycling system,” she added.

In the spring of 2000, Encorp Pacific introduced recycling fees of 1—7 cents per container. The Recycling Council of British Columbia had similar concerns to RCA.

“It will be an interesting social experiment to see if the variable fees affect the Alberta consumers' buying patterns at all. Will they increasingly choose aluminum cans, which do not have a container recycling fee, over PET bottles, which do carry a fee?” wondered Ms Seidel.

Brewers, depots want review of BCMB decision

Hearings are set for early next year regarding a handling fee dispute between Alberta's Beverage Container Management Board (BCMB) and the Western Brewers Association (WBA).

The WBA filed for a judicial review of the provincially-appointed BCMB's recent decision to send the issue of handling fees to arbitration. The bottle depots have also filed for judicial review.

The brewers claim the Board has not “done its duty” in collecting appropriate information to set handling fees. The depots say the Board has not undertaken its duty by “improperly” delegating its responsibility to set handling fees to an arbitration panel.

COMING EVENTS

December 4 - 5

Canadian Waste and Recycling Expo,
Toronto, ON
Call (416) 398-2786

February 24 - 26, 2003

Take it Back! (international EPR) conference,
Alexandria, VA
Call (301) 345-4237

April 30 - May 3, 2003

Ontario Small Urban Municipalities (OSUM)
Conference,
Prince Edward County, ON
Call (519) 271-0250, x241

May 1- 3, 2003

Northern Ontario Municipal Association (NOMA)
Conference,
Fort Frances.
Call (807) 626-0155

May 7- 9, 2003

Federation of Northern Ontario Municipalities
(FONOM) conference,
Mattawa, ON
Call (705) 669-0135

June 4 - 6, 2003

Recycling Council of British Columbia (RCBC)
annual conference,
Penticton, BC
Call (604) 683-6009

Mathewson is interim executive director for WDO

Anne Mathewson has been named as the interim executive director for Waste Diversion Ontario (WDO).

Ms Mathewson brings a wide range of experience in the waste diversion field, from the municipal perspective, the industry perspective and the non-profit agency perspective.

She is a former municipal recycling coordinator and worked for 10 years at Tetra Pak Canada. More recently she has been running her own consulting company (Optimum Environmental Solutions) and working as a book-keeper with the Recycling Council of Ontario.

**PPS
Review
November/
December
2002**

Page 5/6

Opinion Piece

The opinions expressed in this column are not necessarily those of PPSReview

All I want for Christmas is an efficient stewardship plan

by Jay Arthur

Ever since people have been trying to get producers and their consumers to contribute towards the cost of managing their packaging, the old "efficiency" argument has been the stock response.

Industry should not have to pay for the inefficiencies of municipal recycling programs, was how the song went.

It was a convenient way of pushing the issue of responsibility to the back burner. Then you threw a few bucks at studies to improve efficiency and you could delay the day you have pay real dollars a little longer.

The setting up of the Waste Diversion Organization in Ontario in 1999 was a classic example. After the Ontario Liquor Board (i.e., the Ontario taxpayers) had kicked in its two-year commitment of \$9 million, industry had to raise \$4.5 million. That was a lot more than it had put into the kitty in the past, but it put off the big dollar day for more than three years. Heck, they saved about \$70 million! And their lobby organization, CSR, proving its worth by successfully lobbying to be the WDO secretariat, received lots of money in administrative fees, too.

When the latest round of stewardship discussions began a few years back, there was a lot of talk about how payments would be linked to efficiencies.

Bearing in mind that most municipal recycling programs contract out their collection and processing to the private sector, one can only conclude that if there is inefficiency it must be in the system itself.

Now that some people (PPSReview included, I note) are once again reminding everyone that there is

another way of getting the job done, producers tell us that their industry-operated deposit return system is inefficient and the blue box is actually the way to go.

What appears to be coming down the pipe from the WDO process are payments geared primarily to population density, geography and recovery rates. Where is efficiency?

"....at the very least, let industry look after the other recovery programs coming to Ontario and let industry look after their administration, too."

If we go along with the Ontario Government's claim that environmental protection is the ultimate goal here, then recovery rates should indeed play a high role in the equation.

I think industry is just being modest. They are actually doing a fine job with their collection system. The numbers speak for themselves.

Industry-run deposit-return programs here in British Columbia and in other provinces have significantly higher recovery rates than curbside recycling for soft drinks and liquor bottles.

So, at the very least, let industry look after the recovery programs for the other materials coming to Ontario. And let industry look after their administration, too.

The current Ontario set-up anticipates separate industry funding organizations (IFOs) for each material, each with its own bureaucracy.

Where is the province's Red Tape Commission when you need it?

I do hear however that with the

setting up of Stewardship Ontario, CSR may be looking to be everyone's IFO. Imagine the administrative fees!

Do you really need so much bureaucracy? Chris Stockwell doesn't.

Even after having the energy ministry and its hydro nightmare passed on to a different ministry (just in time, as it turned out), the minister still has the Ghosts of Walkerton Past, Present and Future looming.

So he'll be busy coming up with something positive to say on the environment front when the election is called next spring.

It is hoped he will be able to announce the arrival of cheques to offset blue box costs. But wouldn't it be great if he could add to the good news with stewardship plans for other materials? There are no shortage of models out there.

Mr. Stockwell could send little notes to the tire guys, the HHW guys and the oil guys, and ask to see a stewardship plan from each of them under his tree.

Given industry's natural tendency towards efficiency, there is absolutely no reason why they couldn't deliver the commitment by Christmas, and the program by the summer.

It's not as if they didn't know this was coming. To suggest anything else would indicate inefficiency. And that would not be appropriate.

PPS
Review
November/
December
2002

Page 6/6