

# PPSReview

## MANAGING WASTE RESPONSIBLY

### Product & Packaging Stewardship Review

An information service for municipal governments

Vol 4, Issue 4, November 2003

## THE ACT SAYS 50% OF NET COST WDO board settles for less than half of net recycling costs from industry

Ontario's Waste Diversion Act was quite clear: 50 per cent of the net cost of recycling would be paid by industry.

After some discussion at the Waste Diversion Ontario (WDO) sub-committee level earlier this year, industry and municipal representatives negotiated a net recycling cost estimate of \$62.5 million, half of which would be \$31.25 million.

Then, as a result of the financial data call, the real numbers came in. Those numbers still haven't been released, but the figure being used in the backrooms is in excess of \$100 million—a lot higher than anyone

expected. As a result, the Province suggested some revisions were in order—hence the cost containment strategy referred to in the August issue of *PPSReview*.

After the real numbers came in there was more discussion between industry and municipal representatives and subsequently the development of the cost containment strategy recently presented to and approved by the WDO board.

As a result, a new number is being recommended as the basis for funding payments. That number is \$84 million.

Given the stipulation in the Act that the payments be based on 50 per cent of

the net costs, questions have been raised about the legality of basing payments on a lesser number. Industry's share of the \$84 million would be about \$42 million—a lot less than half of the true net cost.

At the October 29 WDO board meeting, with about 30 people—directors, official observers, unofficial observers and alternates—in attendance, a motion to adopt \$84 million as the net municipal calculation for 2004 stewards' fees was passed, with one opposed.

In the meantime, the board recommended to the Province that the existing Blue Box Program Plan (and its \$62.5 million net cost basis) be approved and extended into 2004 “for no less than 3 months and no more than 6 months” to allow time for the setting of fees based on the \$84 million figure.

## Real cost of Ontario's blue box to be posted on WDO website

The actual cost of operating Ontario's blue box system is currently a secret for most people, but it will shortly be available online.

If it is indeed more than \$100 million, as has been suggested, that would be more than 50 per cent higher than the number negotiated by Association of Municipalities of Ontario and Stewardship Ontario representatives earlier this year.

Those discussions, designed to come up with an estimate that both producers and municipalities could live with as a basis for industry funding,

resulted in a number of \$62.5 million.

The results from the financial data call exercise—through which individual municipalities provided information on their program costs—will be soon posted on the Waste Diversion Ontario website ([www.wdo.ca](http://www.wdo.ca)), following a request from the Ministry of the Environment.

It was noted at the October 29 WDO board meeting that these numbers are “partially verified”, but the MOE wanted them posted now and updated when the third party verification is completed.

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# Briefly...

## ELECTRONICS STEWARDSHIP FOR AUSTRALIA?

Makers of television sets have pledged to develop a TV recycling system for Australia within 18 months. The commitment comes from Sony, Sharp and Panasonic, all Japanese companies. A year-long collection program in the Melbourne region provided data for the system planned by industry, which funded the pilot. The collected TVs, monitors and VCRs were recycled by the Australian company, MRI of Cambellfield. The Australian Electrical and Electronic Manufacturers Association is predicting that the recycling cost will be internalized into the price of new TVs. Most TVs sold in Australia are imported.

*Resource Recycling's E-Scrap News, August 12/03*

## MEANWHILE, IN ALBERTA.....

Alberta Environment Minister Lorne Taylor released plans in October to introduce a stewardship program for used electronics. The Province is reviewing its existing regulations and infrastructure "in order to develop a made in Alberta program that complements any national initiatives." The Province will consult with stakeholders in November and December and introduce a new program next year. For more information, visit Alberta's Action on Waste website ([www.gov.ab.ca/env](http://www.gov.ab.ca/env)).

*Government of Alberta  
(news release) October 24, 2003*

## AND IN JAPAN, A RETURN TO REUSE?

Reports from Japan over the last few months indicate that mandated computer take-back provisions might push reuse levels higher. Yamada Denki (Tokyo), Japan's largest electronics retailer, is vastly expanding its two-year-old used computer sales business. The firm is looking at selling 240,000 refurbished units each year. Desktop models without monitors sell for less than US\$100.

*Resource Recycling's E-Scrap News,  
September 3/03*

## NATURAL FOOD STORE INTRODUCES COMPOSTABLE DELI CONTAINERS

A natural foods retailer in the United States is using a compostable deli container made from corn. Wild Oats Markets introduced the container made by NatureWorks PLA (Cargill Dow) earlier this year. The container, which come in three sizes, look like the traditional plastic container and would be hard to distinguish were it not for the label. According to Cargill Dow, the corn container manufacturing process uses 20 to 50 per cent less fossil fuels.

*BioCycle, August 2003*

## CURBSIDE RECYCLING COMING TO UK

The United Kingdom's Household Waste Recycling Bill has become law. The Private Member's Bill calls for every English council to provide curbside recycling collection for two materials by 2010. UK Environment Minister Elliot Morley said his government is "committed to reducing the amount of waste going to landfill and I believe this bill is an important contribution in achieving that. The more people who take part in recycling the more they will help the country achieve its challenging recycling goals. Doorstep collection makes it easier for everyone to join in recycling."

*www.letsrecycle.com, November 2003*

## PLASTIC BOTTLE RECYCLING RATE FALLS AGAIN IN US

A report released by the National Association of PET Container Resources (NAPCOR) shows a decline in the PET plastic bottle-recycling rate in the United States from 22.1% in 2001 to 19.9% in 2002. This is half than the rate achieved in 1995 (39.7%), and represents the seventh consecutive year of decline. In absolute terms, PET bottle recycling declined from 834 million pounds in 2001 to 797 million pounds in 2002. The report also shows that the 6% increase in resin sales is primarily due to continued growth in single-serving, non-carbonated beverages.

*Container Recycling Institute (CRI)  
September 15, 2003*

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*The current issue of PPSReview, and past issues, are available for viewing on the Internet <[www.productstewardship.org](http://www.productstewardship.org)>.*

*Anyone wishing to support the Fair Comment Project may email Ben Bennett <[bbc@albedo.net](mailto:bbc@albedo.net)>. Confidentiality is guaranteed.*

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# The Ontario minister's first speech to industry on product stewardship

*(What follows is taken from the Ontario Minister of the Environment's first major speech to producers after taking office.)*

Product stewardship is a principle to which we certainly subscribe—but I realize that it may not have exactly the same meaning for everyone.

Here are some of the meanings the principle of product stewardship has for us. It's a long-term system that builds recycling and disposal costs into the cost of products. It is supported by each industry's marketing efforts for the reusable and recyclable components of its products and packaging. It makes reuse and reduction economically attractive for manufacturers. It doesn't trample on initiative and creativity in devising ways to reduce, reuse and recycle. It maintains a municipally-controlled, post-consumer collection system for recyclables. It is not funded by general or property taxes; it makes the waste from imported products the responsibility of the importer.

This system will also implement the other important principle of our long-term strategy for waste reduction: "true cost accounting" for municipal solid waste management systems.

We have to devise a system that will make it advantageous to be a good corporate citizen.

And that clearly means making sure that those who *aren't* good corporate citizens will pay a full and fair price for their lack of co-operation.

It also means that the producers of recyclable materials collected by municipalities pay for all the costs of collecting, sorting and marketing those materials not covered by revenues from sale or by disposal tipping fees. This government's approach is to attain our goals for environmental change through voluntary co-operation; only when the

voluntary approach doesn't work will we move to regulation.

We certainly want CSR and its members to be fully involved, and I invite you to play an increased role in this campaign for our environment.

I recognize your concerns about establishing a "level playing field"

between you who are members of CSR, contributing financially as well as creatively to solving the waste problem, and your corporate colleagues who have so far not chosen to join the organization

and are thus getting something of a free ride.

I share your concerns and I agree that there should be no advantage for those who don't do their part in the campaign to reduce waste.

We're looking at setting up a mechanism whereby companies involved in CSR will have their contributions

recognized through incentives or discounts on the charge-backs to industry for post-

consumer collection of recyclables. This will be a strong encouragement for companies to be members of CSR.

Obviously we cannot make it compulsory for all waste generators to join CSR, but we can set it up so that participating in CSR activities will be cheaper than the charge-backs for municipal collection, sorting and marketing of their used products.

Another area where there is concern about a level playing field is in the matter of regulations for producers of carbonated beverages *vis-a-vis* those for producers of other beverages such as bottled and boxed juices and all other consumer packaged goods.

I'm not prepared to ban non-refillable containers at this time, nor do

I want to oblige carbonated beverage producers and MOE staff to spend more energy fighting each other rather than developing a workable long-term system.

But I don't think I will have much choice if we can't work something out by June: the legislation only allows some non-refillable containers if producers meet the quotas for refillables that were established and agreed to a long time ago.

We have until then to renegotiate the memorandum of understanding between CSR and my ministry, one that will upgrade CSR's mandate and commit us all to the creation of a system that makes reuse and reduction economically attractive.

We want and need assurance that industry will work with us to reach our conserver society goals. So I would ask you to look at how you can commit to helping create the kind of system that will support the fullest reduction, reuse or recycling of packaging materials.

CSR has a central role to play as a catalyst for industry commitment to the environment. This organization has

already taken the lead in a number of areas, and I invite you—I urge you—to expand your involvement and your creativity to help us achieve our waste diversion goals.

*(Sound familiar? While these words ring true today, the above is actually taken from Ruth Grier's presentation to Ontario Multi-Material Recycling Inc., in April, 1991. We changed "OMMRI" to "CSR" —editor).*

**"I share your concerns and I agree that there should be no advantage for those who don't do their part in the campaign to reduce waste."**

**"I'm not prepared to ban non-refillable containers at this time.."**

# Ontario municipal reps consider oil and tire plans

On November 13 the members of the Municipal Affairs Committee of Waste Diversion Ontario will consider municipal positions on the stewardship plans developed by the Industry Funding Organizations (IFOs) for used oil material and scrap tires.

The Ontario Used Oil Management Association (OUOMA) was set up earlier this year to develop a used oil, filter and container waste diversion

program for Ontario. The program it is proposing is based on industry-led initiatives currently in operation in the four western provinces.

Ontario Tire Stewardship (OTS) was established to develop and manage a used tire diversion program in Ontario.

Both IFOs' plans received municipal input earlier this fall. Two consultation workshops for

municipalities and a webcast were held in September by the Association of Municipal Recycling Coordinators, in conjunction with the Municipal Waste Integration Network.

On October 9, a meeting was held in Toronto for NGO and consumer groups.

Details of the consultations about the oil plan were to be posted on the WDO website ([www.wdo.ca](http://www.wdo.ca)), although as of press time only the consultation plan itself was available.

A summary of the municipal consultations on tires can be found at the OTS website ([www.ontariotirestewardship.ca](http://www.ontariotirestewardship.ca)).

The tire plan is to be submitted to Ontario's Minister of the Environment by January 30, 2004. The oil plan was to be in by the end of November, but the WDO board asked the Province in September to delay that deadline until March 2004.

## WDO board settles for less than half from industry

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The idea would be to move towards payments based on the true net costs, eventually, but to work with the original estimate so monies can start flowing to municipalities as soon as possible.

If the plan is approved this month (November), stewards could be obligated to pay as early as February (one year after the original plan was approved by the WDO board).

While the possibility of recycling support from the WDO process appears unlikely this year, the funding committed by the Liquor Control Board of Ontario (LCBO) appears to be safe—at least, \$4 million of it appears to be safe. It should be distributed to municipalities by the end of the year.

## Admin costs a major factor

One of the largest contributors to the higher-than-expected net municipal recycling costs in Ontario were monies factored in for “direct and indirect administrative costs”, something that had not been included before. If these were taken out of the 2002 equation, for example, the net costs would have been \$14 million lower. (One city's administrative costs came in at over \$50 per tonne.)

The WDO's Cost Containment Sub-committee met September 17 and October 23 and worked from a number of options developed by the WDO's Municipal-Industry Program Committee. Municipal and industry representatives then worked on possible methodologies. These options include market development and greater efficiencies through best practices. One point of disagreement is in the use of “cost bands”, which municipalities see more as containing stewards' obligation rather than containing costs.

The Association of Municipalities of Ontario representatives on the cost containment sub-committee have offered to cap administrative costs to 1 per cent of total program costs for those programs that contract out and 3 per cent for those that use municipal staff to run their recycling programs. In this way, a set calculation can be applied and actual administrative costs need not be requested. The sub-committees report will be posted on the WDO website ([www.wdo.ca](http://www.wdo.ca)).

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# No milk containers in new BC reg

Industry has won the latest battle over milk packaging in British Columbia.

Facing pressure from regional districts representing the vast majority of BC municipalities to include milk packaging in the Province's new stewardship regulation, and intense lobbying by Dairy Council and Retail Council representatives to exclude it, the BC Government has chosen the status quo. Milk and milk substitute packaging will remain exempt from stewardship regulation and the Province will put its resources into promoting stewardship for electronics.

When BC brought in an expanded deposit-refund system for beverage containers in 1998, the dairy industry lobbied to be left out and was exempted from participating. As a result, high-density polyethylene (HDPE) milk containers are still being collected in many curbside recycling programs, at the expense of local taxpayers, rather than through the deposit-refund system used for other beverage containers.

Since the exemption was granted, many organizations, including the provincial recycling council, and many regional districts have formally requested that milk containers be included in the deposit-refund system.

The Province responded by requesting the dairy industry to provide stewardship options or possibly face imposition of the deposit system.

As a result, a one-year pilot project was undertaken in Abbotsford-Mission. Plastic milk jugs and polycoat dairy cartons were collected in the city's blue bag program, with a recovery rate of 83 and 27 per cent, respectively. Before the pilot, milk jugs but not cartons had been collected, with a recovery rate close to that achieved in the pilot.

Since then, the dairy council has met with five regional districts and municipalities to explain its proposal for a voluntary program where the industry would provide a "top-up fee" based on the market value of milk jugs and polycoat containers collected.

## MUCH LOWER RECOVERY

According to the *National Newsbrief* put out by CSR in September, "early discussions with selected municipalities have been positive". At press time, however, no municipalities have taken the dairies up on their offer, and some have rejected it, noting a top-up based on weight has no bearing on the costs incurred in the collection of high volume/low weight plastic milk jugs, and recovery rates on polycoat containers are much lower than deposit systems.

There is concern at the municipal level that adoption of the dairies' proposal by any local government agency could set a precedent that would encourage other stewardship agencies to seek a shared partnership model of stewardship, resulting in what would be in effect, de facto subsidies.

Many regional districts, including the Capital Regional District, the Greater Vancouver Regional District, the

## COMING EVENTS

### December 3 - 4

Canadian Waste and Recycling Expo/  
Public Works Expo,  
Toronto, ON  
Visit [www.exposition.com](http://www.exposition.com)

### December 5

Annual Southwestern Municipal Conference,  
London, ON  
Call AMO at (416) 971-9856

### February 4 - 7, 2004

Federation of Canadian Municipalities' Sustainable  
Communities National Conference  
Ottawa, ON  
Call (613) 241 5221 ext. 360  
Visit [www.fcm.ca](http://www.fcm.ca)

### February 22 - 25, 2004

2004 Rural Ontario Municipalities Association/  
Ontario Good Roads Association  
Combined Conferences  
Toronto, ON  
Call AMO at (416) 971-9856

Regional District of Nanaimo, Fraser Valley Regional District (which contains Abbotsford) and the Regional District of Kootenay Boundary have written to the Ministry of Water, Land and Air Protection (MWLAP), supporting the regulation review and seeking the addition of milk packaging.

In response, the dairy industry has lobbied the MWLAP and the Ministry of Agriculture (considered to have more sway at the cabinet table) to continue the exemption.

The official word from MWLAP is that the ministry has limited staff and "our resources are fully focussed and committed to reviewing existing stewardship programs, developing and enacting the new Extended Producer Responsibility (EPR) Regulation and working with the electronics and electrical products industries to bring in a new stewardship program for e-waste in BC."

Ironically, the first of the four guiding principles the Province used for development of its new EPR Regulation, which is expected to be promulgated early in the new year, reads:

"Waste management responsibility is shifted from taxpayers to producers and consumers. Responsibility is not shifted to other levels of government without consent."

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# Opinion Piece

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

## WDO—some briefing notes for the new minister

by Jay Arthur

Firstly, Ms Dombrowsky, please accept my congratulations on your appointment. You join a long line of Ontario environment ministers during the past few years. It seems Mr. Harris and Mr. Eves were fervent believers in recycling (judging by their recycling of ministers), but they showed little interest in the funding of Ontario's blue box

Municipalities in your province will, therefore, be very hopeful that a change at Queen's Park will mean some actual action—as opposed to words—on the financing of Ontario's recycling programs.

If you look at the In Tray on your desk, you'll find two huge files left over from the previous administration. One is marked *Walkerton* and another marked *Adams Mine*. (That's the one with the plain brown envelope attached—don't open it. Send it back to Dalton's cousin.)

Anyway, further down the pile there is another large file. It is marked *WDO—Waste Diversion Ontario*.

It would be good to look at it fairly quickly, because all it really needs is a signature.

No one expects you to start throwing your name on a document without some knowledge of what it's about, so here are some briefing notes for you.

I have tried to keep it "brief" but this thing has dragged on for so long (since you guys were last in power as a matter of fact), it is not be easy to be succinct.

Back in the old days, the theory was that recycling programs would pay for themselves, using the revenues from the materials collected.

Well it didn't quite work out that

way and by the time Bob Rae replaced David Pearson and Ruth Grier replaced Jim Bradley, blue box programs were in big trouble. Mr. Rae's NDP government solved the problem in the short term by using Ontario tax dollars to subsidize recycling while the fledgling industry matured and stable markets and efficiencies brought the costs down.

**"Even industry's lobbyists have said 50 per cent diversion is the best you can expect from the current Ontario system, but it does appear to be a way to quiet down the grumbling."**

Well it didn't quite work out that way.

Then Mr. Harris came along and pulled the funding from the backs of the provincial taxpayer and placed the entire burden squarely on the backs of the municipal taxpayer.

In the face of grumbling by the beleaguered municipalities, industry folks came up with various responses to the demands for stewardship. They also came up with a number of cash-for-silence initiatives designed to quell short-term crises.

Eventually the grumbling grew so loud that something actually had to be done and the boys in the backroom came up with what is laughingly known as the Waste Diversion Act. It has nothing to do with diversion, of course. Even industry's lobbyists have said 50 per cent diversion is the best you can expect from the current Ontario system. But it does appear to be a way to quiet down the grumbling. Municipalities know all this but they have come to the point where there are so brow-beaten (or just pragmatic) that

they figure they will take what they can get—even if it means low diversion and less than half of the funding they need. And this is why they are urging you to sign the Blue Box Program Plan.

So, you might want to do that.

But, you might also want to remind everyone that your job description says *environment* (you may have to spell it for some folks) not *finance*, and that you have mandate to divert waste. And I humbly suggest you pay a visit to the folks in British Columbia and have a chat with them.

In BC, there are programs which achieve much higher diversion from landfill and do not act as a drain on the municipal taxpayer. (Believe me, in BC right now, with Mike Harris's alter ego in charge, municipalities need all the help they can get. And they love the current stewardship programs.)

In fact, the BC Government just passed a very handy little document called the Extended Producer Responsibility Regulation. You should get yourself a copy.

With that huge budget deficit, you don't want to be wasting any more money looking at these issues. I'm sure the folks in BC wouldn't mind if you just cut and pasted *Ontario* for *BC*.

Then you can tell the producers in Ontario (as they do in BC) that if they don't like it they can come up with their own program.

But in the meantime, if you could just sign the blue box plan...

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