

# PPSReview

**Product & Packaging  
Stewardship Review**

**MANAGING WASTE RESPONSIBLY**

An information service for municipal governments

Vol 5, Issue 1, July 2004

## WDO Board rejects used oil management plan

On Friday July 9, the Waste Diversion Ontario (WDO) Board unanimously rejected the plan submitted by the Ontario Used Oil Management Association (OUOMA).

The OUOMA Chair (and Canadian Tire representative) Gail Bebee and lobbyists from the Canadian Petroleum Products Institute (CPPI) attended the meeting.

The program plan, which has seen many iterations in its short life, is based on the used oil material programs currently operating in four western provinces (see [www.recyclingusedoil.com](http://www.recyclingusedoil.com)). The plan finances collection of used oil, filters and containers with "return incentives" varying by geographic zone. Revenue is generated through fees charged to brand owners and first importers, who will pass on the fee to consumers at the point of purchase.

WDO Board members voiced several areas of concern. First was the "burning" issue, where the plan does not tier return incentives based on the end-use of the material collected. In short, collectors shipping oil to be burned for energy, (e.g., cement kilns, pulp mills, space heaters, asphalt plants and greenhouses) would be awarded the same financial incentive as those who ship to re-refiners for reuse. In spite of the provision in the Act that burning "shall not be promoted", OUOMA argued that providing incentives would contravene NAFTA and competition law, and would subject them to legal

challenges. Tire programs across Canada, however, have been providing tiered incentives based on end-use for many years, with no such legal challenges reported.

Another area of concern was

**The final concern was the lack of analysis on how the program (worth \$30M in consumer fees) would affect the existing used oil collection system, which currently collects about 78% of the used oil available in the province....**

contamination. Simply put, when a financial incentive is offered on a used material, it is likely to have other materials blended in with it. There are few provisions in the plan (other than a water content test) to ensure that this would not occur. Recently, all four Used Oil Management Associations in western Canada sent a letter to all oil generators and collectors stating, "the current programs do not address the potential for illegal contamination of used lube oil with hazardous waste or recyclables." They continue to list glycol, solvents, gasoline, diesel fuel, cutting fluid and parts washer fluid as "reportedly included in some used oil collections." (The memo does not address oil bottles, which, it seems, have also experienced considerable contamination from solvent and other non-lube oil bottles.)

The final concern was the lack of

analysis on how the program (worth \$30M in consumer fees) would affect the existing used oil collection system, which currently collects about 78% of the used oil available in the province, and if it will increase collection of the remaining 22%. According to the WDO, about 43% of the oil collected is shipped to the US where end-uses are not tracked. Another 44% is shipped to Safety-Kleen for re-refining and 12% is shipped for burning in Ontario.

WDO's legal counsel reportedly made it clear to the Board that OUOMA did not do any economic analysis on the program's impact on the existing marketplace, stating that return incentives may prejudice re-refiners as they may not be able to pass on the return incentives to generators as can other used oil purchasers.

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# Briefly...

## AUSTRALIAN LABOUR PARTY WOULD BAN PLASTIC BAGS

Australia's Opposition leader Mark Latham said in June that the Labour Party would place an outright ban on single-use plastic bags if they were not voluntarily phased out by 2007. The Australian Democrats favour a levy, as does Greens Senator Bob Brown. Environmental group Planet Ark would accept a levy or a ban. It notes in August 2000, an eight-metre whale became stranded and died on a Cairns beach. Planet Ark says an autopsy found the whale's stomach was tightly packed with six square metres of plastic, including many plastic bags. Hard campaigning by environment groups and the desire by political parties to address the public's environmental concerns mean retailers are now acutely aware that they must meet the first target of a 25 % reduction by the end of the year (see *PPSReview*, April 2004). The Australian Retailers Association, which represents major supermarkets such as Coles, Woolworths, Franklins and IGA, has encouraged its members to commit to a code of practice to voluntarily reduce plastic bag use to protect businesses from "the damaging effects of a levy or ban".

*The Age, Melbourne, Australia, June 29, 2004*  
([www.theage.com.au](http://www.theage.com.au))

## 18 MONTHS: THE AVERAGE LIFE SPAN OF A CELL PHONE IN NORTH AMERICA

The *Vancouver Province* reports that the average cell phone life span in North America is 18 months. It is estimated that there are 15 million retired cell phones in Canada. Like other electronics, cell phones contain arsenic and nickel in the circuit boards and flame retardants in the plastic housing. In 2003, Bell Canada, one of the major cell phone providers offering a recycling program, collected 35,000 cell phone units and refurbished and donated 5,000 units to women's shelter programs.

*RCBC Recap, July 2004*

## USED TENNIS BALLS KEEP THE NOISE DOWN IN JAPANESE CLASSROOMS

Japan for Sustainability reports a sports equipment recycling project expects to have recycled its one millionth used tennis ball this year. At schools, used tennis balls are cut open with an X-shaped incision and attached to the legs of desks and chairs to reduce noise when the furniture is moved. This helps the children concentrate more on their studies and communicate more easily. Since the project started in February 2000, 308 organizations have participated, including tennis associations, federations and clubs as well as school tennis clubs and companies.

*Resource Recovery Forum April 26, 2004*  
([rrf@residua.com](mailto:rrf@residua.com))

## HP SETS RECYCLING GOAL AT ONE BILLION POUNDS BY 2007

One of the major computer manufacturers and distributors, Hewlett-Packard, has set a goal to recycle 1 billion pounds of electronics and printing supplies by 2007. In 2003, the company recycled more than 100 million pounds (45,000 tonnes) of electronic products and printing supplies, raising its company-wide total to 500 million pounds (227,000 tonnes) since it began recycling in 1987. Hewlett-Packard said it plans to reach its global recycling goal by expanding its *Planet Partners* recycling program to more customers and coming up with easier ways for consumers to return and recycle obsolete electronics, including e-coupons that offer savings on new products from its shopping website.

*Waste News electronic newsletter, July 8, 2004*

## PLASTIC BAGS USED IN DELHI ROADS

The City of Delhi has decided to introduce a technology that uses plastic waste in the construction of roads. Delhi will become the second city in India, after Bangalore, to introduce the technology. The plastic is shredded and then mixed in bitumen. It is claimed to make the road water resistant and more elastic—preventing erosion.

*Resource Recovery Forum, June 28, 2004*  
([rrf@residua.com](mailto:rrf@residua.com))

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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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**NOTICE: this publication, AND the views expressed, have NO connection with the Association of Municipal Recycling Coordinators of Guelph, Ontario.**

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# Recycling programs should be rational and efficient—CERB

By John Mullinder

As its name suggests, CERB (the Coalition for an Efficient and Rational Blue Box) is **for** the blue box and wants it to be both efficient and rational in operation.

First of all, it is a **coalition** of companies and industry associations representing packaging brand owners, importers and material suppliers/end-markets. CERB provides the opportunity for these entities to discuss blue box issues because these players are not, or feel they are not, directly represented by Waste Diversion Ontario (WDO) or Stewardship Ontario (SO).

The coalition is willing to work with all interested parties and operates on a consensus basis. We have already officially met with the Minister, WDO and CSR. We are in the process of setting up meetings with municipal interests and other stakeholders.

As stated above, CERB is **for** the blue box. Our first objective is to protect industry's investment in and commitment to Ontario's recycling system. While our primary focus has been Ontario, we are now also active elsewhere in Canada. We have a select group of signatories (nine industry associations and four companies) that represent a larger membership base, which is growing as our attention spreads to different provinces.

## Alberta moves ahead with e-waste

Alberta has passed Canada's first provincial electronic recycling program.

Effective October 1, 2004, televisions, computers and related equipment will be collected, reused, recycled and turned into new products. The Alberta Recycling Management Authority (ARMA) has been set up to manage the program.

In the initial phase of the program, televisions, computer monitors, CPUs, laptops, electronic notebooks and

We want a **rational** and **efficient** blue box—a system that is environmentally sound, economically viable and socially responsible.

We appreciate that Ontario's Waste Diversion Act was not the Liberal's "baby" and that the new government was under pressure from municipalities for funding support. We don't have a problem with a cooperative funding approach, but we do have a problem with the way the Act pre-determines how industry money should be raised.

The Act sends perverse signals to industry: (1) you still pay a fee whether your material is recovered or not, and (2) if your material **is** recovered, you pay more in stewardship fees than you would if it was not recovered.

These are contradictory economic and environmental signals that actually discourage further recycling. Even WDO now agrees. "Under the current weighting factors in the formula, those materials with the highest recycling rates . . . will attract the highest costs." [Section 5.1.2 of WDO's report to Minister, *60% Diversion of Blue Box Waste, Material Specific Targets, Municipal Benchmarks*].

We think the Minister should be clear with the people of Ontario and acknowledge that Section 30(3) of the Act (an Act she did not champion) is fundamentally flawed, and needs to be

printers will be accepted for recycling. An environmental fee, ranging from \$5 to \$45 (depending on the item), will be placed on each product included in the program.

For more information on the program contact Christine Della Costa at (780) 427-8242.

On a similar note, an e-waste regulation expected to be passed in British Columbia this spring has been delayed until at least the fall.

changed so that it **encourages** rather than discourages greater recycling.

Inevitably, system costs (whether initially paid by municipal taxpayers or industry) will be passed on to Ontario consumers, you and I. So it is in all our interests to have the most efficient and rational system we can. We don't have that at the moment and we want to work towards that goal as quickly as possible.

The relationship between municipalities and industry has changed. The funding formula is based on a *fee for service*. Industry will not write blank cheques and will be pushing for more rationalization (of MRFs especially) and for more efficiencies, and quality feedstock.

The MRF issue is a big one since it represents a major opportunity to reduce processing costs. We all know the political background to the establishment of MRFs in the province during the "green" '80s and '90s. But now we have 70 MRFs when a recent study indicates we probably only need 20, with a series of transfer stations.

CERB will be looking very closely at where and why certain MRFs exist, and also asking why municipalities seemingly have to own everything. Isn't there a role for the private sector? Wouldn't that reduce municipal and therefore blue box net costs?

CERB has no intention of becoming an industry funding organization or setting up its own operation, but it will be there as a watchdog **for** the blue box, advocating for **efficiency** and **rationalization**.

*(John Mullinder chairs the CERB meetings.)*

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DEPOSIT-RETURN INEVITABLE, SAYS ISAACS

# Recycling costs “out of control”, PAC members are told

A full house was present at the annual Packaging Association of Canada’s (PAC) Ontario chapter seminar, April 27, to hear about “one of the most regressive pieces of tax legislation anywhere in North America”.

This was how PAC’s Director of Government Relations Larry Dworkin described Ontario’s Waste Diversion Act (WDA). And the rest of his presentation took the same tenor.

Mr. Dworkin said the PAC supports “a viable blue box program”, but not one whose costs are “out of control”.

In meetings with CSR officials before Stewardship Ontario was formed, the PAC was told the costs to stewards would work out to about \$900 per \$1 million in sales. The costs will actually be \$2,500 to 4,000, he said,

“So they were only out 300-400%. If it had been my company a couple of heads would be rolling on the floor,” said Mr. Dworkin.

And he expects costs to triple in the next few years, he said.

“It’s way understated. There are no caps on what municipalities can spend. Some are quite responsible but others I have great problems with,” he said.

Costs to stewards “could exceed one percentage point of gross sales.”

Mr. Dworkin said the Coalition for an Efficient and Rational Blue Box (CERB) was set up to play a watchdog role, “to make sure those running the joint are doing what they’re supposed to be doing.”

Mr. Dworkin predicted the similar funding set-up recently announced for Quebec will be even costlier (25% more per capita) because there is no aluminum revenues to offset costs (soft

**(Woods) described the WDA as “a funding plan for municipalities under a cloak of environmental deception.”**

drinks are collected through a deposit-return system).

Mr. Dworkin was seeking member support and feedback for a major lobbying effort.

The first seminar speaker, Tim Woods from Nestle Canada, recently attended a extended producer responsibility (EPR) conference in Halifax and warned against “disinformation” that suggested all recycling was always beneficial.

Design for the environment does not necessarily equate to design for the blue box, he said.

He described the WDA as “a

funding plan for municipalities under a cloak of environmental deception.”

Colin Isaacs of the CIAL Group, said the WDA does not achieve its goals, and in fact works against 3Rs principles.

“There is no hope of achieving 60% diversion without some very major changes that I don’t think anyone is contemplating,” he said.

“There is a history of hostility to consultation in the CSR/SO model,” he said.

“There has been no meaningful opportunity for others to bring forward alternatives”.

Mr. Isaacs foresees higher recycling costs, lower recycling rates and court challenges to the legislation.

He also believes the minister will impose deposit-return on some containers in order to reach the 60% diversion goal.

“The minister will be forced into a corner,” he said.

Mr. Isaacs said municipalities “do a very bad job of running their blue box programs.”

He said studies have shown recycling costs could be reduced by 40% and suggested a provincial agency could be established to take on either recycling alone, or waste management as a whole.

He prefers the latter scenario and would adopt the user-pay concept for waste to cover some costs and revenue neutral levies on non-recyclables. Alternatively, an increase in the provincial sales tax of 0.25% would cover recycling costs, province-wide, he said.

## WDO gives thumbs down to oil plan

*Continued from Page 1/6*

Board members said they could not endorse a program unless the environmental benefit was clearly demonstrated.

Only the Retail Council of Canada, which sent a non-voting member to attend, expressed support for the plan, stating that while there are questions around diversion, “at least it formalizes a collection system.”

The WDO Board comments will be sent to the Minister of Environment Leona Dombrowsky to inform her that the plan has not been approved because it does not comply with the Waste Diversion Act and the Minister’s program request letter.

Whether OUOMA takes its case directly to the Minister remains to be seen.

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## 50-cent dollars not enough, say Quebec municipalities (And 50% would be closer to 30% anyway, they say)

The Montréal Urban Community (MUC), the Québec Urban Community (QUC) and the Union of Quebec Municipalities (UQM) want 100% dollars for their recycling programs to be covered by industry.

In a joint statement issued in May, the MUC, QUC and UQM said the proposed blue box regulation posted by the Quebec Government (see *PPSReview*, April 2004) "falls short of expectations".

They seek "five major adjustments" to the proposed regulation to be consistent with commitments set out in the *Quebec Residual Materials Management Policy, 1998-2008*.

1. that all costs associated with the collection of containers, packaging and print material be entirely assumed by the industry;
2. that the costs include "all real costs";
3. that all operating costs and expenses required to oversee contracts and to monitor performance as well as actual administrative expenses incurred by the municipalities be included;
4. that all "real administrative costs" incurred by Recyc-Québec be included, and
5. that the waiving of fees granted to the written media industry be assumed by the others members of the organization representing the industries and not be subtracted from the amount reimbursed to the municipalities.

The numbers being used to determine how much the municipalities will be paid are inaccurate, they say, "since expenses pertaining to the administration or monitoring of municipal contracts are not included."

"By deducting the commissions paid to Recyc-Québec as well as contributions from the print industry and municipal fees, compensation awarded to municipalities represents some 30% of the net cost of selective collection," the municipalities continue.

In what may be a sign of things to come, and much feared by the soft drink companies, Quebec's minister of environment Thomas Mulcair announced in April that he wants to include bottled water in the province's deposit system.

Ministry staff are researching the implications. The recovery rate for bottled water containers is currently reported at around 6%. The rate for deposit containers is more than 86%.

**NOTE: *PPSReview* will carry a full story on the Quebec recycling program in its next issue.**

## COMING EVENTS

### August 22 - 25

2004 Association of Municipalities of Ontario  
Annual Conference  
Ottawa, ON  
Call (416) 971-9856

### September 15 - 17

Composting Council of Canada (CCC)  
Annual Conference,  
Gatineau, QC  
Call (416) 535-0240

### October 3 - 6

2004 Counties and Regions and Single-Tier  
Municipalities Conference,  
Waterloo, ON  
Call (519) 884-0220

### October 6 - 8

Recycling Council of Alberta's 2004 Fall  
Conference and AGM,  
Jasper, AB  
Call (403) 843-6563

## EPR Toolkit available

An Extended Producer Responsibility (EPR) toolkit is available from Clean Production Action (CPA), which partners with environmental organizations, public health advocates, labour unions and community groups around the world to develop and build technical support for clean production policies.

The EPR Toolkit includes the following:

- what is EPR;
- how EPR can help solve the waste problem in North America;
- how EPR benefits local governments, taxpayers and businesses;
- what to include in an EPR program;
- how to implement an EPR program;
- how to promote EPR;
- existing EPR campaigns and who to contact to learn more, and
- examples of EPR programs in North America and abroad.

To obtain a copy of the toolkit, please contact Beverley Thorpe at (514) 484 8647 or visit the CPA online version ([www.cleanproduction.org](http://www.cleanproduction.org)).

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# Opinion Piece

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

## “Big-Mart” makes its suppliers an offer they can’t refuse

by Jay Arthur

I’m sure everyone recalls the concern about the sudden appearance of the “voluntary steward” concept in Stewardship Ontario’s blue box program plan. *PPSReview* covered it some time last year, I believe (*PPSReview*, June 2003—*editor*).

The big worry then was that recycling levies would be passed on to material suppliers by big brand owners, using their marketplace clout.

Well, the environment minister made some comments recently which suggest this whole voluntary thing is on hold for a while, but if you ever needed evidence about what can happen, you just need to look at a little note that one company, whom we shall refer to as Big-Mart, sent out in the spring.

Talking of marketplace clout, three months ago, the company’s suppliers received a “Notice to All Vendors”.

In the letter, Big-Mart’s manager of environmental affairs told those who sell goods through the discount retailer about the Waste Diversion Act and its intention of having producers be responsible for a share of the cost of managing Ontario’s recycling programs.

It referred to the Stewardship Ontario website and told them what to do if they are considered stewards under the terms of the Waste Diversion Act. If they concluded that they were obligated, they were requested to complete a form: the *Confirmation of Steward Registration Form*, and to mail it in immediately.

Conversely, for those who were not considered stewards and were thus not obligated, Big-Mart tells them they could elect to be stewards, which would mean someone else, like Big-Mart, would not be considered the steward and would not have to pay the fees.

Now, depending on their level of sales, said the letter, these voluntary stewards may not have to pay anything however, because of the *de minimus* rule.

The rules, it was noted, “contain an exemption for stewards whose Ontario sales (not solely in Big-Mart locations) are less than \$2 million.”

Are you still with me? No? Well, pay attention because this is tricky. Here it is again. Even if you were not considered obligated to pay the fees, you could elect to be obligated, but you may not actually have had to pay anything if you sold less than \$2 million worth of goods. And, of course, no one else—Big-Mart, for example—would have to pay, either.

So, rather than have the obligated party—Big-Mart, for example—pay the fee, you lean on your supplier to pay it. And for those whose sales are small enough, you tell them it’s their lucky day because they may not have to pay! Of course, this is not so lucky for the other poor stewards who have to raise the 50-cent dollars to support Ontario’s recycling program.

Anyway, back to the Big-Mart bureaucracy.

Now, if you did elect to be a steward, you had to complete a different form. The *Confirmation of Steward Election Form* was attached to the letter (and not to be confused with the *Confirmation of Steward Registration Form*) It had to be returned “as soon as possible” and in any event, by no later than April 9, 2004. The letter was sent by Big-Mart on April 1. Somewhere between then and April 9 was a weekend.

No pressure, guys.

So, you could recognize you were obligated to pay and fill in a form, or you could elect to pay and fill in another form. It didn’t say what you

did if you were not obligated and chose not to elect to become obligated, thank you very much. There was no reference to any form for that.

Indeed, the letter warned vendors that if they didn’t send in one or other of the forms, “Big-Mart will include products purchased from you in its filing, as applicable, and will bill the corresponding amounts back to you.”

It gets better.

“In any event, all vendors are to complete the attached *Product Description Form* in respect to all of the products you sell to Big-Mart Canada Corp. and return it to me by no later than April 9, 2004.”

Again, no pressure.

Oh, by the way... “Any fines, penalties, costs or expenses incurred by Big-Mart as a result of the information provided from you in the attached will be billed to you by Big-Mart.”

Oh, and they also had to fill out a questionnaire and have an officer of the company with signing authority complete and return the *Vendor Product Information Accuracy Statement Form*, too.

And just one more thing. They also had to fill out an Excel spreadsheet “with all of the product information for **ALL** products that you sell to Big-Mart Canada Corp.”

“Please complete all of the above by the end of business Friday, April 9, 2004.”

No pressure.