

# Product & Packaging Stewardship Review

## MANAGING WASTE RESPONSIBLY

An information service for municipal governments  
Vol 2, Issue 3, May/June 2001

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## Good news, bad news on aluminum/PET front

A new report from the Ontario-based Association of Municipal Recycling Coordinators (AMRC) has good and bad news for those who fear the popularity of PET soft drink containers means the aluminum can is disappearing.

The good news is that while there has been some reduction in aluminum tonnages for the past three years, it is not as great as had been anticipated, with figures for 2000 comparable to 1996. The bad news is that the switch from aluminum to PET could still happen.

The AMRC report was prepared to get a better sense of the entire container mix in the recycling stream, and how the mix has changed over the past five years. The 25 municipal programs whose statistics were used for the analysis represent close to 3 million households and 7.5 million Ontario residents, about two-thirds of the people with access to recycling in the province.

Overall, the survey results show a substantial increase in the amount of plastic recovered in the blue box, but little change in glass, steel or aluminum containers.

Something the results showed that was not expected was the wide variety of performance levels in individual municipalities. The report calls for a broader analysis of program tonnages

versus the existence of bag limits and user pay programs, the level of promotion, the relative amount of multi-residential housing and other factors which could affect recovery levels.

**If the 50/50 funding formula is adopted, "the strategic value of subsidizing the blue box program by packaging soft drinks in aluminum may be questioned..."**

*Container Distribution in Ontario's Blue Box Programs, AMRC May 2001*

Downloadable from the AMRC website: ([www/amrc.guelph.org](http://www/amrc.guelph.org)).

While the much-feared switch from aluminum to plastic for soft drinks has not happened, the possibility of a switch always exists, given the popularity of the PET soft drink bottle, notes the report, which looks at the potential financial impacts. PET is less than 25% of the value of aluminum.

(A story in the September 2000 edition of *PPSReview* noted the aluminum can's share of the soft drink market slipped from 54.9% in 1998 to 50.8% in 1999, while PET bottles jumped from 30.3% to 33.8%.)

The renewed focus on stewardship issues in Ontario over the past few years that resulted in the establishment of the Waste Diversion Organization (WDO) in 2000 may lead to ongoing funding support for municipal recycling programs, depending on the response from the Government of Ontario to the WDO recommendations of fall 2000.

If the 50/50 funding formula suggested in those recommendations is adopted, it is expected that any release of industry dollars will be linked to some kind of efficiency criteria and to the relative amount of each container type (and thus its relative producer responsibility) in the blue box.

Should the Ontario Government accept the recommendations about the establishment of a permanent funding organization and the 50/50 funding formula is adopted, "the strategic value of subsidizing the blue box program by packaging soft drinks in aluminum may be questioned," notes the report. It also notes the AMRC has been making this point consistently in the past few years, but the issue is not addressed in the WDO report.

## Briefly...

### **MICHIGAN-BOUND POP CONTAINERS MEAN \$1.7 MILLION LOSS FOR TORONTO**

In a recent report from the City of Toronto, it was estimated that the capture rate (recycling rate) from residents with access to a blue box program is 54% for soft drinks in PET bottles and 55% for pop cans. (At a collection rate of 55% for pop cans, about 930 tonnes of aluminum or 62 million units will end-up in the Michigan landfill where Toronto's waste is taken for disposal. This represents about \$1.7 million in lost revenue. )

*City of Toronto Works Report, April 18, 2001*

### **MICHIGAN ROAD BLOCK?**

There is another possible barrier to the prospect of more Toronto garbage being shipped to Michigan for landfilling. A new bill has been introduced at the state legislature that would ban the disposal of beer, wine, coolers and carbonated drink containers in the state. Currently, Michigan maintains the highest recovery rate for beverage containers in the United States through its deposit/return program.

*Ecology Centre, Michigan*

### **US ELECTRONICS RETAILER ANNOUNCES TAKE-BACK PROGRAM**

*Best Buy*, one of America's largest electronics mass-merchandisers, recently announced that it will begin to take back electronics at its stores. The program will begin with about 8-10 locations across USA, with a final goal to go North America-wide, including Canada, where *Best Buy* intends to open stores over the next few years. *Best Buy* is ready to share data around the economics, consumer behavior and operations of the program. The company views this initiative as an opportunity to be socially responsible, build brand equity and drive more traffic through its stores. While the details have not yet been sorted out, one thing has been made clear – customers that return electronics will be charged a drop-off fee.

*EPR2 Conference, April 19, 2001, Arlington, Virginia*

### **EPR: A GUIDE FOR GOVERNMENTS**

The Organization for Economic Co-operation and Development (OECD) has recently released *Extended Producer Responsibility – A Guidance Manual for Governments*. The OECD began working on EPR in 1994. This third report is the result of careful examination of the issues around EPR policy and program design. Issues covered in the report include: legal and administrative approaches; roles and relationship of national and sub-national environmental goals, programs and laws; instruments and measures; trade and competition; free riders, mandatory and voluntary approaches; monitoring and reporting; evaluations; and lessons learned. To order, go to: [electrade.gfi.fr/cgi/OECDBookShop.storefront/](http://electrade.gfi.fr/cgi/OECDBookShop.storefront/)

### **JAPAN IMPLEMENTS APPLIANCE EPR LAW**

On April 1, 2001, Japan's appliance law for washing machines, TVs, air conditioners and refrigerators took effect, requiring manufacturers to recycle these appliances. Retailers are required to handle transportation and consumers pay fees. Retailers have the option of charging customers fees for drop-off, with a stipulation by Japanese regulators that fees do not gouge customers. The first week of the program saw the return of 13,000 appliances, significantly less than the anticipated 340,000 units.

*Recycling Laws International  
(www.raymond.com), April-May 2001*

### **"ADFs" HIT THE US**

While Advance Disposal/Diversion Fees (ADFs) are quite prominent in Canada for items like tires, used-oil, paint and beverage containers, they are now beginning to find their way into the United States. Several US states (including Arkansas and Hawaii) are considering placing a fee on the sale of computers to establish and maintain a computer-recycling program. Iowa will be placing an ADF on the sale of all white goods, including stoves, washers, dryers and refrigerators, to fund proper disposal. (ADFs are additional charges or consumer levies placed on products at the point of purchase that are used to finance collection and recycling or safe disposal of the product.)

*Resource Recycling, April 2001*

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

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## TAKE-IT-BACK

# Like it or not, it's here to stay

by Clarissa Morawski, CM Consulting

Brand owners, like it or not, take-it-back is coming. This was the "take-home" from the annual Take-It-Back conference held in Arlington, Virginia, April 18 & 19.

This year's conference, sponsored by Raymond Communications, attracted delegates from across the world to report on, and discuss national Extended Producer Responsibility (EPR) initiatives, and policy development.

Companies like Dell, Canon, Microsoft, IBM, Eveready, Energizer, Nokia, Ericsson, L'Oreal, Polaroid, Bayer, Hershey Foods and Honda were all there to learn more about impending national EPR directives and their respective role in this new EPR paradigm. Take-It-Back 2001 made it clear to brand owners that EPR law is here to stay.

Today there are 30 countries with EPR packaging laws, 15 have battery take-back laws, and nine require electronics recycling (expected to increase to 22 over the next five years). Most countries without EPR on the books, like those in Latin America, Eastern Europe and Asia as well as some US states, already have draft regulations, directives, covenants, material/product bans and new design requirements undergoing amendments with the intention of eventually becoming law.

Products such as tires, batteries, fluorescent lamps, expired medicines, used oil, paint, and cathode ray tubes (CRTs), electronics, appliances, agro-toxics, end-of-life vehicles (ELVs) and packaging have all been targeted for EPR. Western European countries (those in the European Union) have

paved the way, allowing for other national governments to take a "lessons learned" approach for the development of progressive EPR policies at home.

Through the European Union's Packaging Directive, Western Europe has had the most experience with packaging take-back laws. Generally, brand owners are required to take back their packaging material or pay a third party to do it for them. Where this policy varies most is in what portion of the costs are borne by the producer. In most countries, costs are shared between industry and municipal authorities, with the exception of Germany and Austria where industry is entirely responsible for collection of packaging materials (and boasts higher collection rates than most other EU countries).

When companies choose to use a third party to ensure collection of their packaging, levies/fees are paid based on material type, its relative weight, units sold, or in some cases a life-cycle analysis index.

Third party levy/fee schemes vary dramatically in Western European countries, resulting in an expensive administrative burden for complying companies. In the United Kingdom, for example, the levy scheme is so onerous that several companies have reported spending more on calculating their fees than the fees themselves.

The other problem with a third party collection agency is that fees are charged on packaging whether or not it is collected for recycling.

In most European countries there is only one national third party group acting on behalf of brand owners, resulting in a monopoly, which limits a

brand owner's ability to reduce the fees and ensure that the packaging actually gets recycled.

For brand owners worldwide, the situation will only get worse as more countries implement take-back laws. It appears avoiding onerous administrative costs and fees can only be done by taking direct responsibility as a company or a group of similar companies and finding creative ways to achieve collection targets on their own.

Brand owners may want to investigate reverse distribution systems (like return-to-retail programs), reusable packaging and packaging/product redesign options before they get trapped into a national third party collection scheme with little ability to reduce their costs.

Provincial third party agencies in Canada are anticipating this trend, working with provincial governments in developing policy, and generally setting themselves up to take advantage of the opportunity that take-back laws offer them. The Ontario-based CSR: Corporations Supporting Recycling has already applied for the Canadian rights to use the "Green Dot" symbol in Canada, enabling the organization to be the only third party collection agency for Canadian brand owners facing take-back legislation (see Page 4/6).

Individual brand owners may want to begin inquiring as to what their fees might look like, how they will be levied, what they can do to reduce them, or alternatively eliminate them entirely by moving away from municipal collection systems.

## Plastics analysis wins RCO media award

An article by Toronto writer Clarissa Morawski won the Most Outstanding Environmental News Story in the Recycling Council of Ontario annual awards event, held in April.

"Where is Plastic Packaging Leading Us?" was the cover story of the August/September 2000 edition of *Solid Waste & Recycling* magazine. The article can be read by visiting to the magazine's website: ([www.solidwastemag.com](http://www.solidwastemag.com)) and linking to the back issues on-line section. *PPSReview* is pleased to include a piece by Ms Morawski in this edition (see above).

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# Don't expect any WDO dollars until 2002—at least

The first stirrings of legislative activity in connection with a formal funding organization to support Ontario's blue box programs are expected in the new session of the Ontario Legislature, which began this month (May).

Industry sources indicate that provincial staff are currently engaged in putting together the paperwork necessary to ensure the level playing field called for by the Waste Diversion Organization (WDO) in its report of last fall.

In December, the then environment minister Dan Newman indicated that the government would move ahead on the file, but there has been little outward activity since then and a new minister, Elizabeth Witmer, was appointed earlier this year. While she spoke in encouraging terms at recent appearances at the Recycling Council of Ontario Awards and the annual meeting of CSR: Corporations Supporting Recycling, there has been no substantial action.

The introduction of legislation

would be followed by a period of consultation. Assuming all this moves ahead without delay, there is not expected to be any funding flowing to municipalities until 2002 at the earliest.

## FINAL REPORT

The WDO submitted its final report to the Province at the end of March. In all, about \$2.3 million was allocated from the WDO \$15 million budget for new projects. A further \$1 million went to "Ongoing CSR Demonstration Programs".

WDO Process, Executive and Secretarial Services accounted for \$964,821, while a further \$493,984 was budgeted for "Administration" and \$713,067 was allocated to "Implementation Support". These three budget items alone, therefore, total almost \$2.2 million.

The LCBO payments to support glass recycling, which were incorporated into the WDO activities, accounted for \$8 million of the overall

budget.

In April, CSR/WDO showcased the various projects it has funded over the past year, many of which have now been completed.

The projects were grouped into three categories: Optimization, Organics and Household Special Waste (known in most programs as household hazardous waste), and funds were distributed in three rounds.

The City of Toronto had 14 projects approved, with a total value of almost \$400,000. The second largest recipient of WDO funding was the Region of Sudbury which was allocated \$104,500, most of which (\$76,000) was for the construction of a leaf and yard waste composting pad.

The City of London received \$84,000 from the WDO—\$35,000 to research alternative uses for latex paint, \$25,000 to find out why people do not participate in recycling programs, and \$24,000 for a communications program on the buy, use and dispose wisely (BUD) program.

## A Green Dot update from CSR's point man

CSR's "point man" on the Ontario version of the Green Dot, gave an update on latest developments at this year's Take-It-Back conference, held in Arlington, Virginia, April 18 & 19.

Derek Stephenson, Vice President of Policy and Planning at CSR: Corporations Supporting Recycling, told delegates his organization has been working with PRO Europe to obtain the Canadian rights for the Green Dot for several months.

A Canadian Green Dot, he said, can be a commercial mechanism to promote a level playing field if required. Also, it may provide the possibility of a harmonized approach to meeting industry's financial obligations as EPR for packaging policy spreads across the country.

The Green Dot is the most commonly used trademark on packaging in the world today and allows for a harmonized approach for international shipments, said Mr. Stephenson.

The next steps include:

- securing a licensing agreement to introduce the Green Dot to Canada;
- finalizing regulations in Ontario and Quebec;

- working with PRO Europe and obligated Canadian companies to assess the need/support for use of the mark;
- sub-licensing the use of the mark to provincially-based packaging stewardship organizations, as required, and
- promoting a harmonized approach to meeting obligations for packaging waste management in Canada.

Mr. Stephenson's conference presentation did not address performance targets and obligations, or contain details around how a nationally harmonized approach might be achieved beyond Quebec and Ontario.

(For a Green Dot cartoon see: [www.productstewardship.org](http://www.productstewardship.org))

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# EPIC report looks at degradable plastics

The Environment and Plastics Industry Council (EPIC) has issued a special report on degradable plastics. The report highlights the markets being developed for the “new wave of biodegradable plastics” and notes they are “NOT the (once promised) panacea for Canada’s waste management problems.”

In the early 1980s, the first generation of biodegradable plastic products were introduced, and were used primarily for single-use disposables: garbage bags, snack food wrappers and disposable plates.

Once thought to be the answer to concerns about littering, the new products did not break down as expected. All they did was break into smaller pieces.

This situation “confused” consumer and regulators and affected the market for such products for some years. The report also notes that litter “is a social problem and must be treated as such.”

The eight-page report talks about the different types of biodegradable plastics which are finding niche markets in the fields of medicine, clothing and fabrics, hygiene and agriculture.

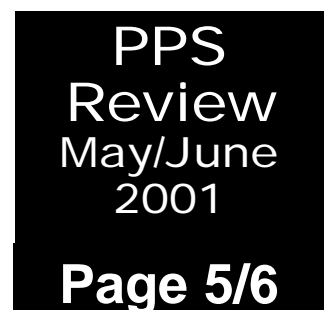
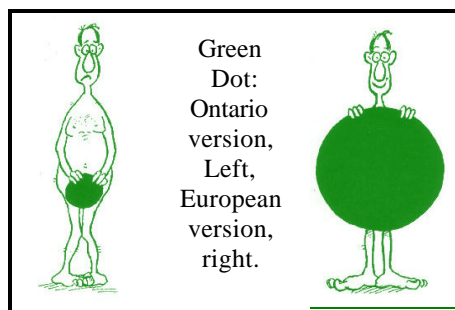
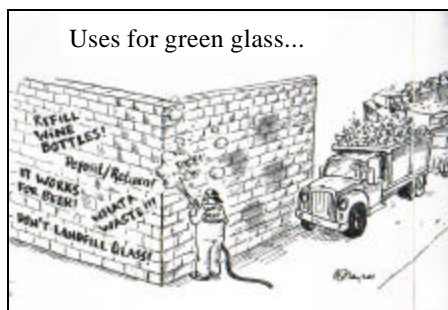
It also features definitions of the various terms used to describe modern materials, including: *degradation*, *biodegradable plastics* and *compostable plastics*.

To contact EPIC, call (905) 678-7405, ext. 231 or visit their website ([www.plastics.ca/epic](http://www.plastics.ca/epic)).

## Past PPSR humour, editorials now on line

There have been some additions to the website supporting this newsletter: [www.productstewardship.org](http://www.productstewardship.org)

Cartoons and editorials are now available separately on the site. The site also includes the current and back issues of *Product & Packaging Stewardship Review*, as well as links to other stewardship sites such as Raymond Communications ([www.raymond.com](http://www.raymond.com)), publisher of *Recycling Laws International* and *State Recycling Laws Update*.



## COMING EVENTS

### June 13-15

Recycling Council of British Columbia  
annual conference and general meeting  
Richmond, BC  
Call (604) 683-6009, ext. 304

### August 19-22

Association of Municipalities of Ontario  
annual conference  
Toronto, ON  
Call (416) 971-9856

### September 19-21

Recycling Council of Alberta annual conference  
Edmonton, AB  
Call (403) 843-6563

### October 9-11

Recycling Council of Ontario (RCO)  
annual conference and trade show  
Hamilton, ON  
Call (416) 960-1025, ext. 16

## Would you prefer to receive **PPSReview** by email?

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*NOTE: Regular readers are probably tired of seeing this message but we want to be sure PPSReview is a welcome visitor to your fax machine, not a nuisance. So, please bear with us.—Editor*

# Opinion Piece

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

## Time is money? You bet! Millions in lost stewardship \$

by Jay Arthur

There used to be a joke going around Ontario back in the old days that went something like this: "Capital funding offered by OMMRI to municipalities to start recycling programs, but no money offered for operating costs, is like the deadbeat who gets the girl pregnant and then leaves town after the baby is born."

If it weren't for the sugar daddy role played by the Province in the late 1980s and early 1990s, there would have been nothing at all to help pay the bills. The revenues from the sale of recyclables, which everyone assured municipalities would cover the costs of recycling, didn't come close.

When the Tories got into power they used their sugar daddy budget to bribe their rural and 905 voters with tax cuts and municipalities were left out in the cold again.

Ontario programs have been trying to collect support payments ever since. Every time they get close, something comes along to muddy the waters or distract everyone's attention and they go back to square one.

Since then, OMMRI, which stood for Ontario Multi-Material Recycling Inc, has evolved into CSR:Corporations Supporting Recycling. It has essentially the same job as its predecessor: delay product stewardship through heavy government lobbying and toss crumbs at municipalities whenever the heat is on.

The largesse which saw industry funding help get local governments pregnant came at a cost—but not to OMMRI's corporate members. The Province agreed to effectively emasculate its deposit/return system by changing the rules and by not enforcing those that remained.

Industry wasted no time. It reorganized the soft drink distribution system and closed dozens of local

bottling plants. Pop was then bottled in just a few, much larger plants and then shipped across the province in huge trucks. This was much more efficient. Right.

The transition from OMMRI to CSR put the brakes on capital funding and channeled any dollars through special projects to improve efficiencies.

*CSR has essentially the same job as its OMMRI predecessor: delay product stewardship through heavy government lobbying and toss crumbs at municipalities whenever the heat is on.*

This practice led to the "partnership" idea, through which cash-strapped municipalities signed away their virtue (and tacitly agreed to lay low on stewardship lobbying) in exchange for project funding.

One colourful Toronto councillor once opined at an Association of Municipalities of Ontario (AMO) conference that CSR stood for Con the Suckers Relentlessly, although Crumbs, Stalling and Rhetoric might be closer.

In the past few years, the stewardship issue has often moved forward to the front burner but it keeps getting pushed to the back again.

(Note: from here on, whenever you see the words "Shh-ting!" followed by an amount, that will be the money that *hasn't* come to municipalities to offset the cost of recycling, based on the 50/50 funding formula we keep hearing about, and allowing for the \$4 million paid annually by the LCBO from 1998 to 2000).

There was the year and a half of hearings and study in the process led by the Recycling Council of Ontario (*Shh-ting! \$31.5 M*).

Then there were six months of silence from Queen's Park (*Shh-ting! \$10.5M*).

Then there was an announcement that something was going to happen.

Then there were six more months of silence from Queen's Park (*Shh-ting! \$10.5M*).

Then there was an announcement that something *really* was going to happen.

Then there were six more months of silence from Queen's Park (*Shh-ting! \$10.5M*).

Then there was an announcement that CSR was looking after everything.

Then there were nine months of rushed deadlines and unreasonable schedules to get a report back to the minister and some money for projects, most of which, needless to say, went to consultants (*Shh-ting! \$10M*).

Then there were three more months of silence from Queen's Park (*Shh-ting! \$5.25M*).

Then there was an announcement that legislation was coming but there would be consultation.

Then there were four more months of silence from Queen's Park (*Shh-ting! \$8.33M*) and then indications that something is coming, to be followed, of course by consultation.

Then, well, who knows?

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