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# **AMO/AMRC Discussion Paper on Strengthening Extended Producer Responsibilities for Ontario's Blue Box**

June 2007

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## Preface:

Environment Canada defines the primary function of Extended Producer Responsibility as: *"the transfer of the costs and/or physical responsibility of waste management from local government authorities and the general taxpayer to the producer. Environmental costs of treatment and disposal could then be incorporated into the cost of the product. This creates the setting for a market to emerge that truly reflects the environmental impacts of the product, and in which consumers could make their selection accordingly."*<sup>1</sup> Municipalities support this definition with the understanding that existing municipal infrastructure must be fully integrated into any product management schemes to best achieve effectiveness, convenience, and cost efficiencies.

## Terms and Definitions:

For the purpose of this paper, terms commonly used in this document have been defined below:

**CPPP (Consumer Packaging and Printed Paper):** is any printed paper or packaging generated by industry and managed in municipal waste systems.

**Diverted CPPP:** is consumer printed paper and packaging that is collected in municipal Blue Box recycling programs, marketed and diverted from disposal.

**Litter:** is waste comprised mostly of recyclable consumer printed paper and packaging material that is discarded inappropriately into the environment or in public litter bins.

**Non-Diverted CPPP:** is the recyclable consumer printed paper and packaging not collected, processed or marketed as recycled material and is disposed of through non Blue Box municipal waste management systems.

**Non-Recyclable CPPP:** is the consumer printed paper and packaging that is **not** recyclable in municipal blue box programs and is disposed of through non Blue Box municipal waste management systems.

**Residual Waste:** is post-consumer goods that are not printed paper or packaging.

**Waste Management System:** is municipal management of residential post-consumer goods through the recycling, composting, landfill and other waste disposal programs, systems and or technologies.

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<sup>1</sup> Environment Canada, (2002) Extended Producer Responsibility and Stewardship, Last updated: Oct 9, 2002 <http://www.ec.gc.ca/epr/en/notes.cfm#1>

## Executive Summary

The establishment of the *Waste Diversion Act (WDA)* by the Province of Ontario was an important step in acknowledging and defining the responsibilities of consumer packaging and printed paper stewards. The Act has provided important financial relief to municipalities facing ever increasing waste management costs and has set the stage for implementing Extended Producer Responsibility Systems (EPRS) in Ontario.

There is however growing concern from residents and environmental groups regarding the widening disconnect between waste diversion objectives and private sector activities. Notwithstanding the recent initiative by the Ministry of the Environment (MOE), to establish a deposit return system for all LCBO containers, there is an increasing trend from industry towards design and production of disposable packaging and non-recyclable products. This type of producer activity is both counter-intuitive and counter-productive to the mutually agreed upon objectives of the WDA.

Figure 1:

Present Funding Situation

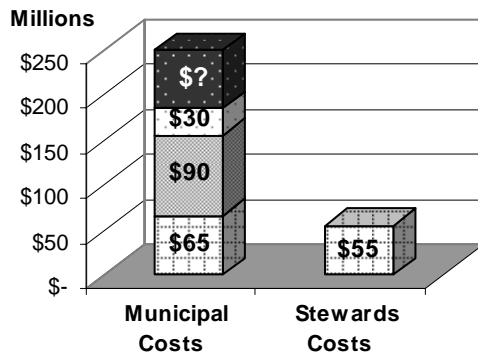
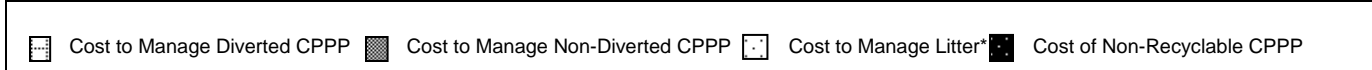
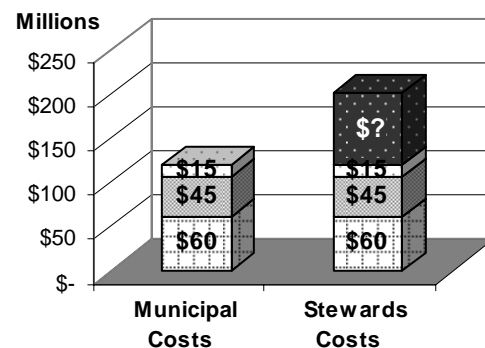


Figure 2:

Phase 1 Funding Recommendation



Municipal waste management services are paid for by tax contribution from both the public and private industry. Municipalities bear the majority of the cost for managing industry-generated Consumer Packaging and Printed Paper (CPPP) as shown in **figure 1**. As a first step toward achieving full EPR for Ontario's Blue Box program, this paper endeavors to present phase 1 of a new funding mechanism as illustrated in **figure 2**. In the short term, this adjustment would establish a more equitable cost sharing arrangement between industry and municipalities for CPPP. AMO/AMRC proposes that phase 2 of this funding mechanism would evolve to a full EPR system whereby industry takes full responsibility for generated material, which includes the full cost of CPPP in municipal waste management systems. This paper also provides a list of recommendations of how to improve the effectiveness of the Blue Box through litter reduction initiatives, strengthening of recycling markets and encouragement of EPR at a federal level. AMO/AMRC and their affiliates are eager to work with the Provincial government to promote better waste diversion by providing the following considerations:

## Summary of Recommendations

**#1.** AMO/AMRC recommends that WDO and the MOE provide an accurate breakdown of the full cost of managing all CPPP in municipal waste management and recovery systems. In addition, it is recommended that the MOE provide municipalities with the total cost of managing all municipal waste in Ontario, indicating what portion of the complete system cost is currently paid by industry stewards.

**#2.** AMO/AMRC recommends the MOE work toward phasing in full EPR in Ontario's Blue Box. As part of the first phase, it is recommended that the current funding mechanism be modified to more accurately reflect the full cost of managing all generated CPPP. Such a model would require stewards to meet their current obligations as well as become responsible for 100% of the cost to manage non-recyclable CPPP well as 50% obligation for recyclable CPPP that municipalities manage as litter or garbage.

**#3.** AMO/AMRC recommends the Province develop incentives for industry to support litter reduction and industry to provide funding for litter management activities related to CPPP.

**#4a).** AMO/AMRC recommends the Province direct the board of Stewardship Ontario to reinstate contributions to the Market Development Fund as part of the 2007 Stewards fee.

**#4b).** AMO/AMRC recommends the Province give consideration to the unique challenges of recycling in Northern Ontario and require Blue Box Stewards to take greater financial responsibilities for all CPPP in the region.

**#4c).** It is recommended that the Province commence discussions with the Federal government to establish minimum standards of at least 25% recycled content in new products where possible. This action is intended to stimulate local recycling markets, reduce green house gases and minimize the uncertainty associated with shipping recyclables to overseas markets.

**#5a)** AMO/AMRC recommends that the Ontario government, as a first step, encourage stewards to employ better end-of-life considerations in product design. Incentives should be in place for Stewards who demonstrate use of:

- i.) End of product design to align with higher levels of AMO/AMRC Waste Management Hierarchy
- ii.) Selection of materials that can be easily collected and processed using existing municipal infrastructure
- iii.) Recyclable materials that have well-developed domestic markets and generate higher revenue value

**#5b).** AMO/AMRC recommends that any new CPPP designs introduced into the market are accompanied by a Ministry-approved recyclability plan that outlines how to best collect, process and market that material within the existing programs.

**#5c).** AMO/AMRC recommends that industry be fully responsible for the cost implications of any new packaging introduced into the Ontario market that does not conform with existing municipal infrastructure. This would include capital costs to retrofit collection vehicles, public drop offs and material recycling facilities.

**#6).** It is recommended that the Province encourage the Federal government to create a national EPRS plan for waste and waste packaging in collaboration with municipalities and industry. This could include:

- i.) Standardizing the use of plastic resins used in product design
- ii.) Developing financial drivers that encourage industry to reduce the use of multi-laminate products for consumer products
- iii.) Encouraging industry to use materials that improve the effectiveness and efficiency of municipal collection and recycling systems

## 1.0 Introduction

Since its inception in 2002, the *Waste Diversion Act* (WDA) has helped to encourage Extended Producer Responsibility (EPR) throughout Ontario with the successful establishment of the Blue Box Program Plan. This should, however, be regarded as only a limited success, since to date, the Blue Box has only been able to recover a fraction of the available residential recyclable material. Compounding the problem is the apparent movement by some producers to introduce problematic packaging into the market which cannot be recycled or has disproportionately high diversion costs and is therefore landfilled. Moving forward, AMO and AMRC wish to put forth considerations to the Province that could effectively strengthen the WDA to help further align corporate EPR with the original objectives of the Act.

Currently, Ontario's municipalities are dissatisfied with the progress industry has made toward EPR practices. Municipalities are the primary leaders on this front, with the exception of the recent decision by the Province to establish a deposit refund system for LCBO containers. The Minister also approved amendments to the Blue Box stewards' fee structure in 2006<sup>2</sup>; however stewards have made no real efforts in recent years to significantly improve the recyclability of their products.

Municipalities recognize that the role of packaging as a means to 'protect and preserve the products inside from damage or contamination, to carry information about the product and to help market the product'<sup>3</sup>. Bearing all this in mind, municipalities know that discussion around end-of-life considerations is often absent in the designs phase of products and their associated packaging.

There is growing concern from residents and environmental groups that there is a widening disconnect between waste diversion objectives and steward activities. The gap between responsible product design, (i.e., which takes the environment into consideration), responsible end-of-life management, and the increasing trend towards production of disposable and non-recyclable products continues to grow. Ultimately, this gap leaves the municipal tax base to pick up the costs for an industry-generated problem.

As end-of-life considerations appear to be a low priority for industry, the cost to the taxpayer of managing municipal waste in its various forms, (i.e., recycling, litter clean-up and residual waste disposal), continues to increase. Promoting full EPR for all Consumer Packaging and Printed Paper (CPPP) that enters or is generated in the province, could provide taxpayers with much needed tax relief and provide municipalities the flexibility to allocate funds to other municipal areas. This would provide an immediate and meaningful reduction in the cost to municipalities to manage these products.

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<sup>2</sup> Stewardship Ontario, (2006). 'Recommended 2007 Stewards' fees and rules', Nov 2, 2006

<sup>3</sup> Stewardship Ontario, (2006) Assessment of Stewards Actions in Response to Stewardship Ontario Fees: Report to the Ontario Minister of Environment - June 30, 2006

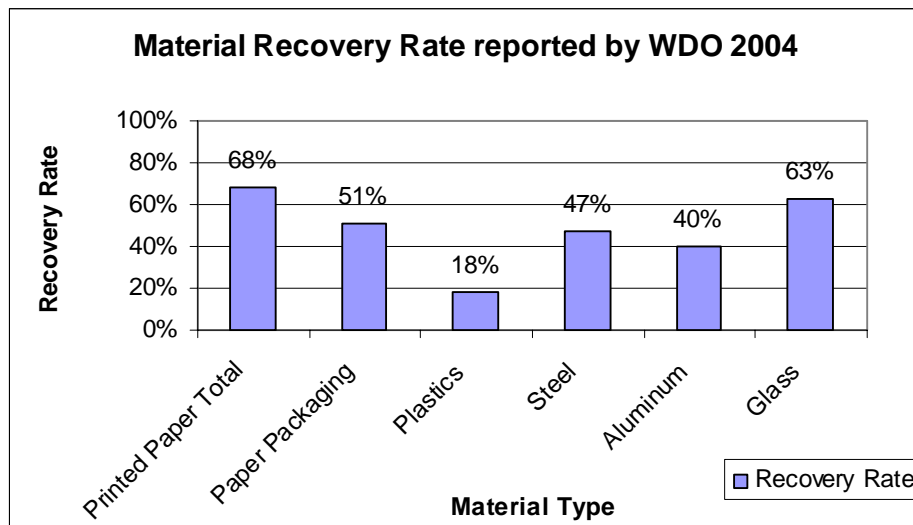
Although recycling is a shared responsibility between the producer and consumer of goods, municipal involvement is paramount to ensuring responsible waste management. Municipal operating decisions are more strongly driven by social and environmental obligations rather than a profit-based bottom line. This discussion paper presents a series of recommendations to the Province that reinforce AMO's call for an integrated waste strategy, promotes positive outcomes for all stakeholders and aims to move the Province closer toward achieving full EPR in Ontario's Blue Box.

## 2.0 Determining the Full Cost of Managing Consumer Packaging and Printed Paper Material in Ontario's Waste Management System

Waste Diversion Ontario reported that in 2004, the Province diverted 54.8% of available residential consumer packaging and printed paper from landfill<sup>4</sup>. This means that the remainder, or approximately 678,000 tonnes of the available residential recyclables, was not captured. Waste audit data collected by Stewardship Ontario in both 2004 and 2005 supports similar recovery figures<sup>5</sup>.

The relative recovery rates of material types collected in the Blue Box program shown in **figure 3**, illustrate the proportions of what municipalities manage in the program with the remainder presumably managed through other waste disposal systems which include landfill.

Figure 3: Material Recovery Rates for 2004 (WDO, Nov 2005)



Materials that are not recyclable or have low recovery rates like plastic laminates, plastic film, polystyrene and other plastics have typically cost municipalities between \$60/tonne to \$100/tonne in disposal fees, with an additional \$60/tonne in associated collection costs. Other CPPP, such as food packaging, is being found in municipal organics programs, with an added cost to municipalities of about \$150/tonne. Further cost impacts on municipalities for non-recovered CPPP include litter management costs which range significantly between municipalities. The City of Toronto, for example, spends approximately \$13 million on its litter program annually<sup>6</sup>. On a provincial scale, this amounts to a conservatively estimated cost of \$120 million to the municipal tax base for managing CPPP material that should be going to the Blue Box.

<sup>4</sup> Guide to the Blue Box Program, (2005). Waste Diversion Ontario Report on Blue Box Program, November 16, 2005,

<sup>5</sup> Stewardship Ontario Waste Audit Data, (2005), (2004).

[http://www.stewardshipontario.ca/eefund/projects/audits/waste\\_audit\\_sf.htm#results](http://www.stewardshipontario.ca/eefund/projects/audits/waste_audit_sf.htm#results)

<sup>6</sup> MGM Management, (2005). The City of Toronto Street Litter Audit 2005, Works and Emergency Services, Solid Waste Management Services Division, Final Report, October 24, 2005.

## 2.1 Recommendation #1:

AMO/AMRC recommend that WDO and the MOE provide an accurate breakdown of the full cost of managing consumer packaging and printed paper in the municipal waste management and recovery systems. In addition, it is recommended that the MOE provide municipalities with the total cost of managing all municipal waste in Ontario indicating what portion of the complete system cost is currently paid by stewards.

## 3.0 Aligning Full Costs with WDA Objectives

Section 25(1) of the *Waste Diversion Act* identifies a diversion *program* as any “activities to reduce, reuse and recycle designated waste”. According to the Act, Blue Box stewards are obligated to pay “50% of the total net cost incurred by municipalities” as a result of the *program*. The current funding mechanism does not, however, provide any substantive drivers for industry to make their consumer packaging recyclable or meet the fundamental objectives of the WDA to divert waste from landfill.

The existing fee structure should, but does not, include the cost to manage non-recovered CPPP. This means that municipalities are paying full costs for managing items such as plastic theft-proof packaging and polystyrene “clam-shell” containers that are not collected in most municipal Blue Box programs and that go to waste disposal systems such as landfill. This costs municipalities anywhere from \$60/tonne to \$100/tonne for disposal fees and up to an additional \$60/tonne in collection costs for 678,000 tonnes, amounting to approximately \$85million a year<sup>7</sup>. Included in this estimate is the cost to manage food packaging that ends up in municipal composting operations.

Preliminary audits conducted by the City of Toronto have indicated that packaging and printed paper is approximately 10% of the material collected in their organics program and has cost Toronto alone over \$1.5million annually. Using this figure, it is estimated that Ontario municipalities are paying almost \$5 million to manage over 32,000 tonnes of CPPP in organics programs that have an average cost of \$150/tonne. In addition to the non-recovered CPPP costs, municipalities are further burdened with paying for CPPP through litter costs (see section 4.0 of this paper for more detail). By not having steward fees that accurately reflect the total cost of managing packaging waste, irrespective of its diversion or disposal method, the current system enables industry to produce more waste with minimal consequence.

Disposal costs are expected to continue to escalate as domestic landfill sites approach capacity. With the Minister's most recent decision to stop shipment of Ontario's waste to Michigan by 2010, additional pressure grows to locate new landfill capacity and alternative waste disposal technologies before this deadline. These factors, together with a growing population, will leave municipalities challenged to manage increasing quantities of CPPP materials and their associated costs.

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<sup>7</sup> Estimated cost to municipalities for non-diverted CPPP was calculated using 2004 data call multiplying the median range average municipal cost for collection and disposal=(\$125) multiplied by amount of CPPP that was recorded as not diverted in the Blue Box for 2004 =(678,000 tonnes).

The redesign of packaging materials to facilitate reusability and/or recyclability would reduce Blue Box program operating costs and divert much of this material from disposal. Unfortunately, recyclability appears to be rarely considered by industry in the design of packaging for products commonly found on store shelves in Ontario. Industry's design for "Planned Obsolescence"<sup>8</sup> of goods perpetuates a throw away society and compounds the strain on municipal landfills. Some industry stewards have changed packaging designs and consequently avoided higher Blue Box steward fees. However, in doing so, they have also produced materials that have had negative effects on Blue Box program efficiencies. (*refer to the AMO/AMRC August Position Paper titled Improving the Efficiency of the Blue Box Program*<sup>9</sup>).

As **figure 4** illustrates, municipalities are currently paying the majority of costs involved in managing all CPPP in the municipal waste system while having little control on the material design. Industry, on the other hand, having complete control of packaging choices, is only levied to contribute up to 50% of the costs for recovered materials (which to date has never fully been paid to municipalities). Industry needs to be more accountable for the packaging decisions they introduce into the market and waste stream. Interestingly enough, municipal waste management services are paid for by tax contributions from both the public and private industry. Therefore, when industry can make better packaging design decisions that work to reduce the strain on municipal waste systems, they also benefit.

Figure 4:

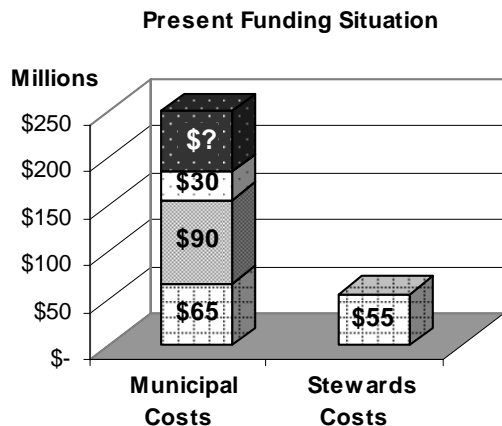
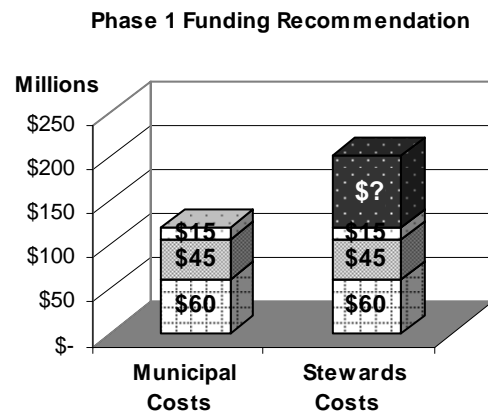


Figure 5:



Cost to Manage Diverted CPPP
  Cost to Manage Non-Diverted CPPP
  Cost to Manage Litter\*
  Cost of Non-Diverted Other CPPP

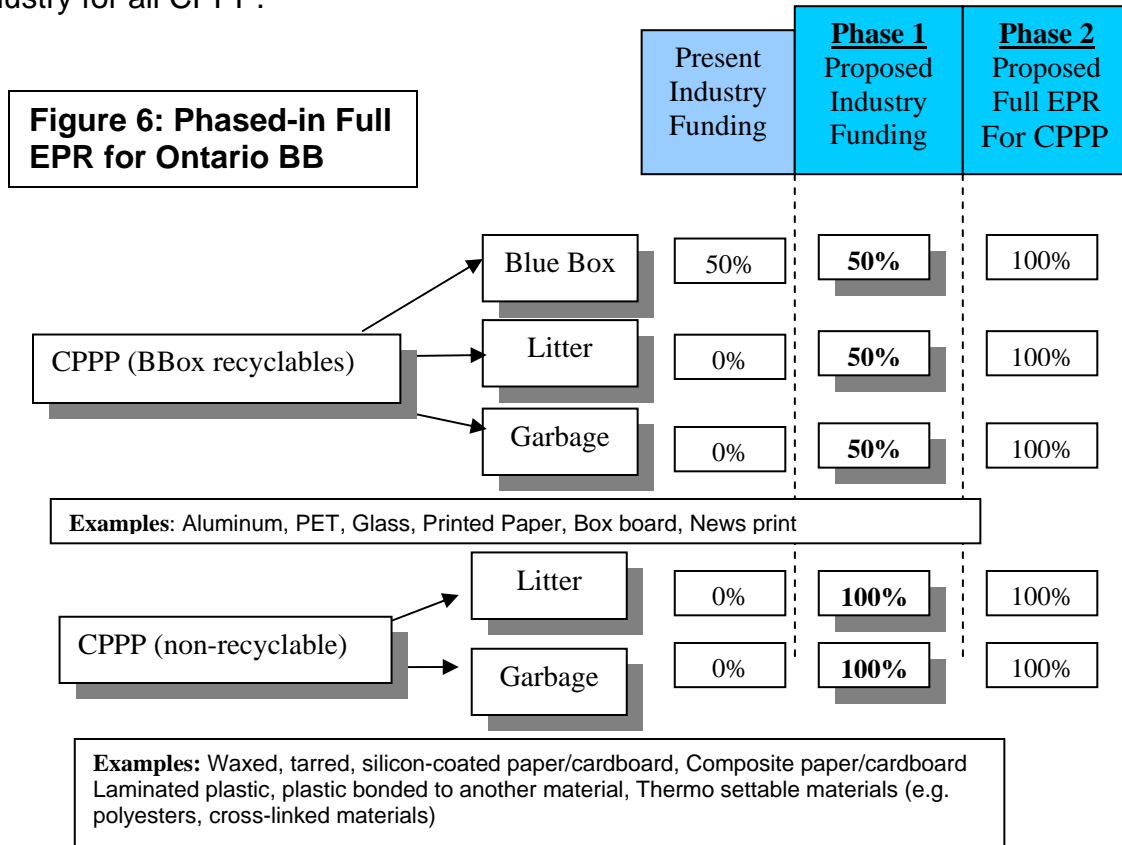
To help establish drivers that work to achieve objectives of the WDA, AMO/AMRC is proposing a phased-in approach to full EPR for Ontario's Blue Box. **Figure 5**, illustrates the proposed first-phase funding mechanism that works toward a more equitable cost sharing arrangement between industry and municipalities for all CPPP. This would be a more gradual transition toward establishing a full EPR system for Ontario's Blue Box.

<sup>8</sup> Packard, Vince (1960). *The Waste Makers*, Penguin, London UK.

<sup>9</sup> Association of Municipalities of Ontario,(2006). AMO/AMRC Position Paper on Improving the Efficiency of the Blue Box Program, August, 2006

AMO/AMRC proposes that the implementation of phase 2, requiring full EPR from industry, would occur once Blue Box best practices have been identified and implemented in Ontario municipal programs.

**Figure 6** (below) explains the phased in approach in terms of industry steward funding obligations as a percentage of municipal cost. The first phase of establishing full EPR would require a shared obligation for all recyclable CPPP and puts full obligation on industry for non-recyclable CPPP. The last phase would put 100% obligation on industry for all CPPP.



By linking greater funding obligation to industry in phase 1 for non-recyclable CPPP (i.e., non recyclable packaging that goes to landfill or green-bin programs), industry will be more inclined to ensure the recyclability of printed paper and packaging.

### 3.1 Recommendation #2:

AMO/AMRC recommends the MOE work toward phasing in full EPR in Ontario's Blue Box. As part of the first phase, it is recommended that the current funding mechanism be modified to more accurately reflect the full cost of managing all generated CPPP. Such a model would require stewards to meet their current obligations as well as become responsible for 100% of the cost to manage non-recyclable CPPP well as 50% obligation for recyclable CPPP that municipalities manage as litter or garbage.

#### 4.0 The Cost of Managing Recyclables as Litter

The lack of consideration for the environment in product design has significant impacts on communities that extend beyond the Blue Box. Municipal management of litter is a good example of this issue. Municipalities across Ontario spend tens of millions of dollars annually on litter control, only to capture a fraction of the litter on our streets, and in our streams, fields, parks and open spaces. A Litter Survey Study conducted in 2003 by the Regions of Durham, Peel, York and the City of Toronto revealed that almost 57% of small litter<sup>10</sup> and 69% of large litter<sup>11</sup> found in their jurisdictions was CPPP material<sup>12</sup>. The litter surveys done by the participating municipalities of the GTA also found that quick-serve food packaging waste makes up almost 20% of the litter found in the study<sup>13</sup>. Management of industry packaging that is discarded as litter, costs municipalities in Ontario tens of millions of dollars annually. The City of Toronto spends up to \$13 million on city street litter clean up alone, which represents over 7% of the City of Toronto's entire waste management budget<sup>14</sup>. At this time, there is limited data on the full cost of the litter problem in Ontario, suggesting that further research needs to be conducted by Waste Diversion Ontario in this area.

The environmental effects of light weight litter such as plastic bags and Styrofoam are causing an "international crisis"<sup>15</sup>. These light weight materials are especially problematic because they are easily picked up by wind and get tangled up in trees and fences, and block the drainage of rivers and water bodies. In Bangladesh, plastic bags have been banned due to the havoc they caused during the 1988 and 1998 floods, where plastic litter clogged drainage resulting in the submergence of two-thirds of the country<sup>16</sup>. It has been reported that as many as 100,000 marine animals and birds die every year by either mistakenly ingesting littered plastic or suffocating when becoming entangled<sup>17</sup>.

Litter has other indirect cost implications to Ontario's taxpayers. Studies done by the state of Florida suggest that environmental problems such as litter are factors in burglary-decision making processes<sup>18</sup>. Similar studies also found that greater amounts of street litter can significantly detract area visitors, and negatively affect the tourism trade<sup>19</sup>. Ontario's own tourism industry is an essential revenue generator that is vital to

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<sup>10</sup> Small Litter: litter less than 4 square inches in size

<sup>11</sup> Large Litter: Litter greater than 4 square inches

<sup>12</sup> MGM Management, (2003). Appendix 4- Branded Litter Survey : The Regional Municipality of York Litter Survey 2003, Regional Municipality of York, Solid Waste Management Branch Transportation & Works Department, September 2003.

<sup>13</sup> MGM Management,(2003). The Regional Municipality of York Litter Survey 2003, Regional Municipality of York, Solid Waste Management Branch Transportation & Works Department,(pg 25) September 2003.

<sup>14</sup> MGM Management,(2005). The City of Toronto Street Litter Audit 2005, Works and Emergency Services, Solid Waste Management Services Division, Final Report Prepared for by MGM Management, October 24, 2005

<sup>15</sup> BBC News, (2002). 'Planet Earth's new nemesis?' Wednesday, 8 May, 2002

<sup>16</sup> BBC News, (2002). 'Planet Earth's new nemesis?' Wednesday, 8 May, 2002

<sup>17</sup> Algalita Marine Research Foundation, (2005). Pelagic Plastics. [www.algalita.org](http://www.algalita.org) (Last modified March 2007)

<sup>18</sup> DeFrances, C.J. & Titus, R.M.,(1994). The Environment and Residential Burglary Outcomes. Proceedings of the International Seminar on Environmental Criminology and Crime Analysis. Coral Gables, FL, 45-56.

<sup>19</sup> The Florida Litter Study,(1998). Florida Center for Solid and Hazardous Waste Management.

our economy. In 2004, the Ministry of Tourism reported that Ontario generated \$6.7 billion in foreign exchange<sup>20</sup>, while events like SARS cost Toronto's tourism industry alone over \$190 million<sup>21</sup>. Impacts like this lead one to consider what the negative economic impact of ongoing packaging litter has on Ontario's tourism revenues.

This problem will inevitably escalate if industry intends to continue on its current path. The growing trend amongst stewards and brand owners to move away from reusable packaging to disposable and less desirable packaging is counter-productive to the goals the *Waste Diversion Act* and exacerbates the problem of litter. By industry putting more effort toward rethinking fast food packaging design as well as paying the cost of litter, industry will be assisting municipalities to providing stronger litter prevention strategies in their programs.

#### **4.1 Recommendation #3:**

AMO/AMRC recommends the Province develop incentives for industry to support litter reduction and industry to provide funding for litter management activities related to CPPP. Industries that support effective litter reduction campaigns should be rewarded, while industries responsible for materials dominant in municipally collected litter, such as quick-serve food packaging waste, should take full responsibility for their litter.

### **5.0 The Cost to Deal with Poorly Developed Local Markets**

One of the directives of the Minister in December 2004 was that "action be taken by stewards and municipalities to improve markets and revenues" of materials collected in the Blue Box. Since this time, a *Markets Development* fund was established through steward fees collected in 2005 and 2006 in order to strengthen markets for broken glass and plastics in Ontario. Stewardship Ontario's membership decided in the fall of 2006 to take the market development contribution off the 2007 stewards' fees<sup>22</sup>. AMO/AMRC feels this action is contrary to the Minister's directive and negates efforts to assist strengthening Ontario's recycling markets.

Many of the products currently collected in Ontario's municipal recycling programs and waste disposal systems need to be more carefully examined in terms of their environmental and financial impacts. Fifteen years after the Province first announced WRAP (the: Waste Reduction Action Plan)<sup>23</sup>, its accompanying goals and waste diversion hierarchy, very few consumer products actually contain significant amounts of post-consumer recycled content. The failure of manufacturers to purchase back the locally recycled post-consumer material has resulted in municipalities having to ship many of their recyclables to foreign buyers. These markets are as far away as China or India where the proper processing of these materials from an environmental and

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<sup>20</sup>Ontario Ministry of Tourism,(2006). Promoting Investment in Ontario's Tourism Industry, [http://www.tourism.gov.on.ca/english/ido/promoting\\_investment.html](http://www.tourism.gov.on.ca/english/ido/promoting_investment.html), (Last Modified: January 25, 2006)

<sup>21</sup>KPMG,(2003). SARS Impacts Toronto Tourism Industry: Report Identifies Loss of \$190 million, <http://www.kpmg.ca/en/news/pr20030611.html>(Last Modified: 11-Jun-2004)

<sup>22</sup> Stewardship Ontario, (2006). 'Recommended 2007 Stewards' fees and rules' slide 34, Nov 2, 2006 .

<sup>23</sup>Ontario Ministry of the Environment, (1991). Waste Reduction Action Plan,

socially responsible perspective can not be assured. The cumulative effects of these factors have left municipalities to deal with unstable revenue values for materials.

Other regions of Ontario, particularly the North, share their own unique circumstances with markets. These programs incur high per capita costs for recycling, well above the provincial average, due to the fact that many northern communities suffer from isolation, lack of competition, insufficient volumes of recyclables and high transportation costs to deliver recyclable materials to depots. Thus, there are fewer markets available to the North for Blue Box recycling in comparison to other areas in Ontario. Consideration toward more biodegradable replacements for consumer packaging in the North would help to alleviate some of the Blue Box markets problems experienced in the North.

On an environmental scale, promoting a minimum recycled content in products would help to reduce green house gases causing global warming. While manufacturing products from recycled inputs still requires energy, there are substantially less CO<sup>2</sup> emissions and other green house gases emitted relative to production from raw materials. Furthermore, with products that require wood or paper input, recycling reduces the need to cut down trees that are vital source of carbon sequestration in forests<sup>24</sup>.

It should be noted that this idea of minimum recycled content is not new to Ontario industries. The paper industry has been applying this principle for years. In 2005 the Paper & Paperboard Packaging Environmental Council (PPEC) made a proposal to Stewardship Ontario for a "Recycled Content Green Procurement Credit" which recommended financial incentives to stewards who use recycled content<sup>25</sup>. Currently no action has been taken on this proposal.

The challenge of strengthening local markets while ensuring a balanced playing field for competition between domestic producers and low-cost importers is difficult. However, places like Germany<sup>26</sup> and the State of California<sup>27,28</sup> have established packaging legislation that has effectively strengthened local recycling markets by requiring all packaging from importers to fit local recycling systems. European packaging directives have since increased the recycling of packaging by 8% and reduced green house gases by 25 million tonnes of CO<sup>2</sup> equivalents<sup>29</sup>. Similarly, in the State of Oregon, targets have been exceeded from goals set out by their 1995 Recycling Law, which required

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<sup>24</sup> US EPA, (2007). General Information on the Link Between Solid Waste and Greenhouse Gas Emissions <http://www.epa.gov/> last updated March 29, 2007

<sup>25</sup> PPEC, (2005), Recycled Content Green Procurement Credit, Blue Box Review for 2007 Stewardship Ontario Funding Formula- First Public Consultation Meeting -, December 8, 2005.

<sup>26</sup>, Federal Ministry for the Environment, Nature conservation and Nuclear Safety, Germany, (1991). German Packaging Ordinance [http://www.bmu.de/english/waste\\_management/downloads/doc/37115.php](http://www.bmu.de/english/waste_management/downloads/doc/37115.php), last updated January 2006.

<sup>27</sup> California Against Waste, (2007), AB 904 (Feuer) Plastic and Marine Debris Reduction [http://www.cawrecycles.org/issues/current\\_legislation/ab904\\_07](http://www.cawrecycles.org/issues/current_legislation/ab904_07)

<sup>28</sup> State of California, Integrated Waste Management Board, (2006)., Recycled Content Newsprint Program, <http://www.ciwmb.ca.gov/BuyRecycled/> Last updated April 12, 2006

<sup>29</sup> PRO EUROPE (2007), Overview of Implementation of packaging directive and Latest European developments CCME

that all plastics have 25% recycled content<sup>30</sup>. With the proper mechanism in place, this should also be a target easily set out and achieved in Ontario. By regulating aspects of the market and providing consumers with better purchasing choices, the need for municipalities to create "end of pipe" solutions for problems created by product stewards is eliminated.

#### **5.1 Recommendation #4a:**

AMO/AMRC recommends the Province direct the Board of Stewardship Ontario to reinstate contributions to the Market Development Fund as part of the 2007 Stewards fees.

#### **5.2 Recommendation #4b:**

AMO/AMRC recommends the Province give consideration to the unique challenges of recycling in Northern Ontario and require Blue Box Stewards to take greater financial responsibilities for all CPPP in the region.

#### **5.3 Recommendation #4c:**

It is recommended that the Province commence discussions with the Federal government to establish minimum standards of at least 25% recycled content in new products where possible. This action is intended to stimulate local recycling markets, reduce greenhouse gases and minimize the uncertainty associated with shipping recyclables to overseas markets.

### **6.0 The Cost to Manage Post-Consumer Products with Poor End-of-Life Design**

Municipal recycling facilities and end-processors are burdened with the cost of poor end-of-life product design. Products such as aseptic packaging highlight this problem. This multi-laminant material is composed of layers of paper fiber, aluminum, plastic film and/or a "polycoat" finish. Being composed primarily of paper fiber, they are traditionally sent to paper mills for recycling. However, the plastic, aluminum and polycoat layers, which represent approximately 25% of the total container weight, cannot be recycled in the traditional paper mills which handle this recyclable material, necessitating mechanical removal of this portion as waste. The paper mills in this case are burdened with the higher cost of disposal due to poor product design from stewards. This increased cost of disposal is passed back to municipalities in the form of a lower price per tonne paid for the recyclable material.

Similarly, poor initial product design of plastic packaging has resulted in difficulties at recovery facilities to identify and sort the various types of plastic resins found in the Blue Box. Although Regulation 101/94 does not require municipalities to collect all types of

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<sup>30</sup> Nielsen, Catherine, (2003). PLASTICS CONTAINER RECYCLING IN OREGON: A SUCCESS, BUT FOR HOW LONG? PackagingLaw.com (Nov 2003)

plastic resin, the majority of programs in Ontario strive to meet the demand of their residents to collect a wider range of plastics. As residents continue to request more items be added to the Blue Box, sorting of multiple plastic resin will continue to be a challenge and associated costs to municipalities will continue to escalate. Furthermore, industry needs to be proactive when introducing new materials into the market that later have the potential to go to waste management systems.

An example of this ongoing problem is the water bottle industry's introduction of a 15L PET water jug as a replacement for refillable containers. The ramifications of this decision have already started to impact municipal operations and their costs<sup>31</sup>. Similarly, in other industry areas, more desirable recyclable materials and biodegradable alternatives to plastic films and polystyrene have been readily available to stewards and brand owners for years, yet these materials have not been widely used by the quick-serve food industry. The failure of these industries to provide effective litter reduction strategies or take-back programs has had the undesirable effect of generating more litter. This result means lost potential recovery of diversion programs, rising municipal clean-up and disposal costs along with long term health and environmental costs as outlined above. Communities such as San Francisco, Oakland and Santa Monica have recently announced that they are banning materials such as polystyrene for quick-serve packaging to address these concerns<sup>32</sup>. Similar actions like this in Ontario would certainly be movement in the right direction.

Municipalities are constantly challenged with how to responsibly manage the end-of-life of industry-generated materials, while having little or no influence over design decisions. There are packaging stewards that will argue their packaging decisions are dictated by government health regulations and certain products need to be in certain packaging. This argument is not entirely valid, as Section B.23.0001 of the *Canadian Food and Drugs Act* puts onus on the manufacturer or distributor to use packaging materials that do not impart harmful substances to their contents<sup>33</sup>. This regulation does not prescribe exact packaging types to producers and gives discretion to the producer over the reusability or recyclability of their products. Certainly producers should be capable of finding suitable packaging that is both easily recyclable and meets health requirements.

Industry should be required to provide municipalities with recyclability plans when any new CPPP material is introduced into the waste stream. This plan would outline options of how municipalities can collect, process and market this material using existing municipal infrastructure.

The Waste Management Hierarchy as presented in AMO/AMRC's proposal for a Provincial Integrated Waste Strategy<sup>34</sup> lays out what municipalities feel industry should

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<sup>31</sup> Association of Municipalities of Ontario, (2006). AMO/AMRC Position Paper on Improving the Efficiency of the Blue Box Program, August, 2006

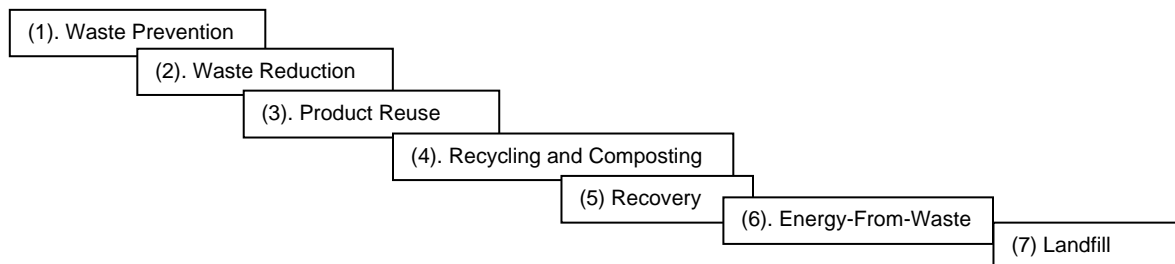
<sup>32</sup> Ostrom, Mary Anne, (2006). Styrofoam containers on way out. S.F., OAKLAND TO BAN PLASTIC AT EATERIES. Mercury News, Dec 21, 2006

<sup>33</sup> Health Canada, (2004). Canadian Food and Drug Act, Food Packaging Regulations, [http://www.hc-sc.gc.ca/fn-an/securit/packag-emball/index\\_e.html](http://www.hc-sc.gc.ca/fn-an/securit/packag-emball/index_e.html) (Last Updated: Oct 1, 2004),

<sup>34</sup> Association of Municipalities of Ontario and Association of Municipal Recycling Coordinators, (2005). *AMO's Proposal for a Provincial Integrated Waste Strategy* – December 2005

be seriously taking into consideration during product design (**figure 7**). Industries that have products with end-of-life cycles that align with higher levels of the waste hierarchy (i.e. waste prevention, reduction etc.), should be rewarded for their efforts. Conversely, disincentives should be in place for those producers whose products only option is landfill.

**Figure 7: AMO/AMRC's Waste Management Hierarchy**



Municipalities recognize that part of the private sector's success is its ability to stay competitive through continual product innovation. In order for Ontario to have a successful Blue Box program, it is vital that industry works together with municipalities to design CPPP to fit existing municipal Blue Box infrastructure. Otherwise industry should be prepared to take financial responsibility for the cost implications of new or modified CPPP to municipal waste management systems.

### **6.1 Recommendation #5a:**

AMO/AMRC recommends that the Ontario government, as a first step, encourage stewards to employ better end-of-life considerations in product design. Incentives should be in place for Stewards who demonstrate use of:

- i.) End of product design to align with higher levels of AMO/AMRC Waste Management Hierarchy
- ii.) Selection of materials that can be easily collected and processed using existing municipal infrastructure
- iii.) Recyclable materials that have well-developed domestic markets and generate higher revenue value

### **6.2 Recommendation #5b:**

AMO/AMRC recommends that any new CPPP designs introduced into the market are accompanied by a Ministry approved recyclability plan that outlines how to best collect, process and market for that material within the existing programs.

### 6.3 Recommendation #5c:

AMO/AMRC recommends that industry be fully responsible for the cost implications of any new packaging introduced into the Ontario market that does not fit within existing municipal infrastructure. This would include capital costs to retrofit collection vehicles, public drop offs and material recycling facilities.

## 7.0 The Need for National Packaging Legislation in Canada

Industry has voiced the argument that product design considerations are decided at the corporate level elsewhere in the world and that Ontario legislation and market demand play a very small part in driving industry change. In fact, the opposite is proving to be true. As global trade and the emergence of multi-national companies has become increasingly common, shareholders have forced publicly traded companies to demonstrate levels of environmental awareness which exceed the minimum regulatory requirements of many of the countries in which they operate<sup>35</sup>.

Moreover, countries in Europe are working toward national strategies that successfully mandate product packaging to align with national sustainable waste reduction plans. Countries like Sweden and the Netherlands have developed different packaging agreements such as the 'Packaging Covenant'<sup>36</sup> and National Packaging Legislation<sup>37</sup>. Other countries like the United Kingdom<sup>38</sup> are quickly following suit to develop and commit to national strategies on waste.

The Dutch Packaging Covenant contains agreements between the Minister, local authorities and industry about packaging and waste. This agreement consists of the integration packaging covenant, the sub-covenant producers/importers, the sub-covenant on litter and five sub-covenants on material recycling for paper and cardboard, glass, metals, plastics and wood respectively<sup>39</sup>.

Sweden has had legislation on producer responsibility since 1994. Outlined in Chapter 15 of their Environmental Code, this legislation identifies importers, manufacturers and distributors of goods, responsible for packaging, waste paper, and tires. As the legislation currently stands, statutory producer responsibility means that any person who manufactures, imports, or places a product on the Swedish market bears the responsibility for the entire cost of maintaining a national collection system<sup>40</sup>.

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<sup>35</sup> Schueth, Steve, (2003). Socially Responsible Investing in the United States, Journal of Business Ethics, Springer Netherlands, Volume 43, Number 3 / March, 2003.

<sup>36</sup> Netherlands Ministry of Housing, Spatial Planning and the Environment, (2005). The Dutch Packaging Covenant, Bulletin of Acts and Decrees 2005, <http://international.vrom.nl/docs/internationaal/engeslevertalingamvb.pdf>, March 24 2005

<sup>37</sup> Swedish Environmental Code, (1999): Chapter 15 sections 6 and 7

<sup>38</sup> Green Alliance, (2006). A Zero Waste UK, Institute for Public Policy Research and Green Alliance, October, 2006.

<sup>39</sup> Netherlands Ministry of Housing, Spatial Planning and the Environment, (2005). The Dutch Packaging Covenant, Bulletin of Acts and Decrees 2005, <http://international.vrom.nl/docs/internationaal/engeslevertalingamvb.pdf>, March 24 2005.

<sup>40</sup> Swedish Environmental Code, (1999): Chapter 15 sections 6 and 7, <http://www.sweden.gov.se/content/1/c6/02/28/47/385ef12a.pdf> Site last updated October 6, 2006.

Compliance has been very high in these countries, as the legislation is seen by producers as their corporate responsibility. This creates goodwill with their customers, adds competitive advantage between firms, benefits the environment, and can be used in marketing the company as a progressive leader in waste management issues. The objectives of EPR in both countries have been largely obtained in both environmental and economical realms. Surely if countries like Sweden, with a population of just 9 million, can achieve strong compliance from industry, Ontario, with a population of over 12 million, can accomplish the same objectives.

Canada, as the Secretariat to the ISO 14000 family of environmental industry standards, should take the leadership role in promoting environmentally responsible products and product packaging design. The federal government should ensure that any industry doing business within Canada adheres to packaging design regulations that mitigate what goes to our landfills.

### **7.1 Recommendation #6:**

AMO/AMRC recommends the Province strongly advocate for the federal government to work toward establishing a national plan that legislates product packaging to incorporate the concepts of reduction, reusability and recyclability with clear and definable targets. This could be achieved by recommending that the federal government consider the AMO/AMRC Integrated Waste Management Hierarchy, proposed in the AMO/AMRC *Proposal for a Provincial Integrated Waste Strategy*<sup>41</sup>.

In addition, the Province could follow the lead of our European counterparts and:

- i.) Standardize the use of plastic resins for specific packaging applications, (i.e. using constant resins for all produce clam shell packaging.
- ii.) Develop financial drivers that encourage industry to reduce the use of multi-laminate products for residential use.
- iii.) Encourage industry to use materials that are most cost effective to collect and manage at recycling facilities.

### **8.0 Concluding Remarks**

*'Necessity is the mother of invention'*. This statement aptly fits our current situation in regards to creating solutions to waste management dilemmas. The Blue Box Program Plan helped initiate EPR from industry; however it has become apparent that stronger motivation needs to be given to industry. A new funding mechanism is needed to more strongly encourage EPR from industry and assist municipalities to reach best practices. Recycling markets need to be strengthened to make collecting various materials more cost-effective for municipalities. As well, industry must commit to including at least 25% recycled content in their packaging where possible. Along with all of this, the Province needs to advocate for a national plan that legislates product packaging to incorporate the concepts of reduction, reusability and recyclability with clear and definable targets.

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<sup>41</sup> Association of Municipalities of Ontario and Association of Municipal Recycling Co-ordinators (2005). AMO's Proposal for a Provincial Integrated Waste Strategy – December 2005

End-of-life management and disposal of an industry-generated problem should not be laid at the door step of municipalities and the Ontario taxpayer to deal with. When stewards make better product design decisions that effectively meet the waste diversion objectives, all stakeholders will benefit from reduced costs and a cleaner environment.

AMO/AMRC and their affiliates are eager to work with the Ontario government to promote stronger EPR by providing our recommendations on regulatory policies that work toward achieving stronger recycling throughout the province.