

Our File/N/Réf. **50 16-97-0024-H**
Your File/V/Réf.

DATE 7 April 1998

TO/DEST. The Chair and Members of Regional Council

FROM/EXP. Director, Solid Waste Division
 Environment and Transportation Department

SUBJECT/OBJET **RECYCLING COUNCIL OF ONTARIO - DRAFT
CONSULTATION REPORT ON BLUE BOX FUNDING**

BACKGROUND

Most municipalities in Ontario implemented blue box recycling programs in the late 1980s. At that time, programs were funded, in part, by municipalities, the Ministry of the Environment (MOE), and by the sale of recyclable material. MOE funding ceased in March 1996 and municipalities are now required to fully fund the program.

Since that time, many funding models have been proposed, including the Canadian Industry Packaging Stewardship Initiative (CIPSI), the Ontario Waste Reduction Action Committee's Shared Model and The Canadian Environmental Law Association's model, all to no avail.

In 1997, the Recycling Council of Ontario (RCO) initiated a multi-stakeholder consultation process in an effort to clarify appropriate roles and responsibilities in the field of waste management funding and to help ensure long-term sustainability of municipal diversion programs. In February 1998, the RCO released a draft consultation report on " *Recycling Roles and Responsibilities*". In March 1998, Solid Waste Division staff attended an RCO workshop pertaining to this matter.

DISCUSSION

The report on " *Recycling Roles and Responsibilities*" sets out four separate categories of funding models as follows:

Information Previously Distributed
To be listed on Planning and Environment
Committee Agenda of 28 April 1998

Option 1 - Municipal Jurisdiction

- property taxes - *status quo*
- garbage user fees - *funds raised by a bag tag program*
- recycling user fees - *funds raised by a box tag program*

Option 2 - Provincial Measures

- Tax at Point of Sale - *funds raised by per item tax at point of sale*
- Levy per Unit - *funds raised by per item levy at point of manufacture*

Option 3 - Industry Funded

- Voluntary - *funds raised by voluntary contribution*
- Mandated - *funds raised by mandatory contribution*

Option 4 - Industry Funded and Operated

- Curbside System - *Industry operates a curbside program*
- Deposit Return-to-Retail System - *Industry operates a curbside program with some items (beverage) recovered via deposit return*

RMOC COMMENTS

Generally, the RMOC supports product stewardship and the 3Rs Study, which was approved by Regional Council in February 1995, includes product stewardship as one of the four primary themes. Further, the RMOC has launched a comprehensive stewardship program entitled “*Take It Back!*” which encourages consumers to return disposable products to vendors for reuse/recycling. The RMOC also supports the 3Rs hierarchy and, therefore, any funding mechanism should inherently provide incentives for industry to improve upon the design of packaging in order to encourage more reuse, reduction, and, recyclability of packaging materials. Finally, any funding mechanism should include a market development component, specifically for those materials which currently do not have a strong market or are currently not diverted due to lack of a viable market.

Specific comments on the funding options presented in the draft report include the following:

Property Taxes

Recent *Mega Week* changes have intensified RMOC budget pressures. The Blue Box Program funded from the tax base is subject to these pressures and, accordingly, the funding system may become a barrier to waste diversion as program expansion/enhancements are delayed.

User Fees

User fees, while successful in many small to medium municipalities in Ontario, have yet to be implemented in a large urban centre. User fee funding mechanisms should only be implemented at the discretion of municipal councils and tailored to local requirements. While waste user fees are effective in increasing diversion, recycling user fees may discourage it.

Provincial Measures

Provincial measures should be implemented, co-ordinated and monitored by an independent agency to avoid the danger of taxes or levies being absorbed by general revenue at the provincial level.

Taxes or levies should be broadly applied to cover all packaging material as municipal blue box programs do not all recover the same material. Accordingly, limiting the tax/levy to only specific products may discourage blue box expansion.

Industry Funded

Industry funded programs must be mandatory. Voluntary funding will create an uneven playing field which is not sustainable, as shown by the inadequate level of funding for Ontario Multi-Media Recycling Inc. (OMMRI) and Corporations Supporting Recycling (CSR).

Mandatory industry funding would allow industry to determine how to best charge the cost of recycling to consumers and would require all disposable-product companies to practise product stewardship.

Industry Funded and Operated

As mentioned above, the RMOC encourages certain return-to-vendor systems that may become a significant part of a full funding program. While return-to-vendor systems may work well for some products (e.g., beverage containers), they may be problematic for other products (e.g., cardboard boxes).

CONCLUSION

The blue box remains the most convenient and practical tool for diverting many materials from the waste stream. The current Blue Box Program was developed as an integrated system under the current regulatory/stewardship framework, where a wide range of materials are being collected for recycling and where the higher value materials, in part, subsidize the lower value materials.

Mandatory industry funding would ensure the consistency and convenience of the Blue Box Program continue. While the Blue Box Program can work well in conjunction with certain return-to-vendor systems, it is important to recognize that if return-to-vendor systems are imposed for only some products, many of these products will leak to the blue box system and municipalities would continue to pay through their operations cost, whether those materials are left behind at the curb or sorted out as residue in the processing facility. On 24 March 1998, the above comments were submitted to the RCO as part of the consultation process.

Staff will continue to monitor this process and report back to Members of Council as required.

Should you require any further information regarding this process, please do not hesitate to contact me at extension 2609.

*Approved by
P. McNally, P.Eng.*

KHW/