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PRODUCT PACKAGING STEWARDSHIP

The Solid Waste Management Committee recommends the adoption of the recommendations contained in the following report, March 30, 2007, from the Commissioner of Transportation and Works, subject to removing the words “reduced to” in recommendation 2, so that recommendation 2 now reads as follows:

- 2. Committee and Council recommend to the Association of Municipalities of Ontario and Association of Municipal Recycling Coordinators that the proposed fee to be paid by product stewards for non-diverted consumer packaging be 50% of net municipal costs and that the Waste Diversion Act be amended accordingly.**

1. RECOMMENDATIONS

It is recommended that:

1. Committee and Council endorse the *“AMO/AMRC Discussion Paper on Strengthening Extended Producer Responsibilities for Ontario’s Blue Box”*.
2. Committee and Council recommend to the Association of Municipalities of Ontario and Association of Municipal Recycling Coordinators that the proposed fee to be paid by product stewards for non-diverted consumer packaging be reduced to 50% of net municipal costs and that the *Waste Diversion Act* be amended accordingly.
3. The Region request Waste Diversion Ontario and Stewardship Ontario to reinstate the Markets Development fund.
4. The Regional Clerk forward Council’s resolution to the attention of the Association of Municipalities of Ontario, Waste Diversion Ontario, Association of Municipal Recycling Coordinators, the Minister of the Environment, the Clerks of the local municipalities and Members of Provincial Parliament for York Region.

2. PURPOSE

This report provides an overview of the Association of Municipalities of Ontario (AMO) and Association of Municipal Recycling Coordinators (AMRC) joint discussion paper on Extended Producer Responsibility (*see Attachment 1*).

3. BACKGROUND

Packaging in its myriad of shapes, sizes and composite materials represents over 33% of the total municipal waste stream. In June of 2004, the Waste Diversion Act (WDA) was enacted to, “promote the reduction, reuse and recycling of waste and to provide the development implementation and operation of waste diversion programs”. Under the Act, the cost of diverting blue box recyclables is funded up to a total of 50% of eligible, net municipal program costs. The cost, however, of managing blue box recyclables that are not diverted from landfill is not covered under the Act. Moreover, management of non-recyclable packaging materials is also not funded.

Under the current system, municipalities remain responsible for the majority of the costs associated with managing consumer packaging waste. With the rising costs associated with managing blue box programs and the proliferation of difficult to manage materials and unrecyclable packaging, municipalities in Ontario have expressed growing concern that industry should be demonstrating greater responsibility for the wastes they generate.

4. ANALYSIS AND OPTIONS

Municipalities incur costs to manage consumer packaging waste on a variety of fronts. These can include diversion through the blue box program, disposal to landfill and energy from waste and litter management. Currently, the cost for municipalities to manage consumer packaging waste through these options is estimated at over \$240 million annually. Product stewards (i.e., the manufacturers and distributors of consumer packaging) contribute only \$55 million annually to the total cost. The AMO/AMRC paper contemplates a number of actions that could be taken to address this disparity and encourage better product stewardship.

4.1 Financial Options

The AMO/AMRC paper recommends that the Ministry of the Environment (MOE) change the funding of packaging waste under the Waste Diversion Act. Under the AMO/AMRC proposal, packaging stewards would move from paying 50% net, eligible blue box recycling program costs to being fully responsible for all costs associated with managing non-diverted packaging waste costs. Additionally, they would remain responsible for 50% of blue box program costs.

It is expected that by requiring packaging stewards to be fully responsible for the cost of disposal of non-recyclable or problem packaging, they will be motivated to ensure the packaging they produce is recyclable whenever possible. Further, by making them accountable for the cost of litter disposal it is expected that stewards in the “fast-food” or “quick-serve” industry will be more motivated to take action to reduce litter generated from their activities. Requiring them to continue to contribute only half the cost of operating the blue box program provides them an incentive to ensure their product packaging can be included in blue box collection programs.

Regional staff and many of the municipal staff that drafted the discussion paper believe, in hindsight, that asking stewards to pay 100% of packaging disposal and litter control costs is politically unrealistic. Doing so, leaves the AMO/AMRC paper open to the criticism that municipalities do not share these costs, they will have no motivation to minimize them. Further, it has been suggested that if municipalities remain responsible for 50% of blue box recycling costs but receive free disposal service they would not be motivated to maximize their diversion efforts. Staff, therefore, recommends that the AMO/AMRC paper be amended such that stewards be responsible for 50% of all municipal packaging waste management costs irrespective of the management option; blue box, landfill, or energy from waste. This recommendation ensures a shared and balance approach to addressing each party's responsibilities.

The AMO/AMRC paper also recommends that the MOE and Waste Diversion Ontario (the non-crown corporation responsible for the development and implementation of waste stewardship programs under the *Waste Diversion Act*) complete an accurate analysis of the cost of managing consumer packaging. This action would serve to confirm the paper's assertions about the estimated cost of municipal packaging waste management and is supported by Regional staff.

4.2 Litter Management

In 2003, York Region, in partnership with the City of Toronto and Regions of Peel and Durham commissioned a study of litter levels throughout the Greater Toronto Area (GTA). Consumer paper and packaging waste represented over 80% of the identifiable litter found on local streets. Waste from the "quick-serve" industry made up over 20% of all the identifiable litter. Recognizing the prevalence of fast food waste in the municipal waste stream and litter on our streets and landscapes, the AMO/AMRC paper recommends that the Province establish incentives to encourage industry to support and fund litter reduction activities. It also suggests disincentives should be established for industries responsible for generating the predominant materials found in municipally collected litter. Regional staff supports this recommendation.

4.3 Federal Packaging Reduction Action

Packaging waste and, in particular, 'over-packaging' of consumer products was the single greatest concern raised by residents during the public consultation completed jointly by the Region and local municipalities in the summer of 2006. The AMO/AMRC paper proposes that the Province encourage the Federal government to establish a national Extended Producer Responsibility Plan for packaging waste. It is proposed that the plan address standardization of resin usage in packaging design, discourage the use of multi-laminate packaging and encourage the use of materials that facilitate cost-effective packaging waste management through municipal recycling programs. It further recommends that the Federal government establish, where possible, minimum standards of at least 25% recycled content in new products.

In the fall of 2006, the Ontario Minister of the Environment volunteered to take the national lead for the Canadian Council of Minister's of the Environment (CCME) on the

issue of packaging stewardship. York Region staff in their capacities as AMO and AMRC representatives has been actively involved with the MOE on this and the other issues identified in the AMO/AMRC paper.

4.4 Product Design Recommendations

Manufacturers of consumer products and their distributors have ultimate control over types and amounts of packaging waste produced by consumers. Packagers make decisions on a daily basis about whether a package will have recycled content, whether it is reusable or recyclable in the blue box program and in many respects, what the cost implications are to the municipal waste management system.

The AMO/AMRC paper expresses the growing municipal concern that packaging stewards need to demonstrate greater responsibility for the environmental and financial impact they have through their packaging selections. The AMO/AMRC paper makes a number of recommendations which are supported by Regional staff. They include establishing incentives for stewards which take the AMO waste management hierarchy into consideration (listed below) and which demonstrate use of materials in packaging design that have established, domestic recycling markets, can be easily collected and processed in municipal recycling systems. These recommendations are intended to ensure packaging used in Ontario can be processed through municipal blue box programs with no incremental impact on municipal operating costs. Materials like theft proof packaging, while common place on retailers shelves, currently do not have established recycling markets. Plastic film and expanded polystyrene while recyclable require significant additional costs for most municipalities to collect and process yet generate minimal revenue.

4.4.1 AMO Proposed Waste Management Hierarchy

1. Waste Prevention
2. Waste Reduction
3. Product Reuse
4. Recycling and Composting
5. Recovery
6. Energy from Waste
7. Landfill

The AMO/AMRC paper further recommends new packaging designs introduced into Ontario should first be accompanied by a Ministry approved recyclability plan. Moreover, it recommends that the responsible industry sector should be fully accountable for any and all costs associated with any changes to municipal collection and/or processing systems necessitated by the introduction of the product to the retail market. In 2006, a 15 litre disposable water cooler jug was introduced to the market place to replace the traditional reusable unit common to many offices. The product was promoted by the vendor as being recyclable despite the objections of municipalities. In point of fact, the product has caused significant operational problems in municipal recycling systems. The

Quebec government is proposing to ban its use outright. This example highlights the need for industry to consider the impact of their products on municipal operations prior to their introduction into the marketplace.

4.5 Markets Development Fund Should Be Reinstated

In Clause 1 of Report No. 7 of the Solid Waste Management Committee (October 20, 2005) Regional staff highlighted the need to demonstrate diligence in shipping materials overseas to unknown markets and to unstable local markets. In 2005, the Markets Development Fund was established by the WDO to strengthen local markets for glass and plastic packaging. The WDO subsequently voted in the fall of 2006 to terminate operation of the fund. In light of the fact that the Region has been unable to secure a market for its mixed broken glass, staff supports the AMO/AMRC recommendation calling for reinstatement of the fund and contributions by the packaging stewards to the fund in 2007.

5. FINANCIAL IMPLICATIONS

Approximately \$14 million has been included in the 2007 Waste Management Branch operating budget for the management of residual waste. Should the Province adopt the recommendations of the AMO/AMRC paper and require packaging stewards to fund up to 50% of both packaging disposal and recycling costs, the Region would see a savings of up to \$2.3 million annually in future years.

6. LOCAL MUNICIPAL IMPACT

Local municipalities would see reduced litter management and collection costs as a result of implementation of the recommendations included in the AMO/AMRC discussion paper. It is proposed that this report be sent to the local municipalities for their consideration and support.

7. CONCLUSION

The AMO/AMRC Discussion Paper on Strengthening Extended Producer Responsibilities for Ontario's Blue Box seeks to encourage greater product stewardship by packaging manufacturers and distributors. It makes a number of recommendations which would require packaging stewards to give greater consideration to the environmental impacts of the packaging they produce. Moreover, it recommends that packaging stewards share the municipal costs of managing packaging waste irrespective of whether it is collected through the blue box program, collected as litter or discarded to landfill.

The AMO/AMRC paper suggests that stewards should shoulder 100% of disposal and litter management costs. Regional staff recommends that Council endorse the AMO/AMRC paper but suggest that stewards only be compelled to pay 50% of municipal packaging waste management costs consistent with the current blue box funding model.

For more information on this report contact Michael J. Birett, Manager, Waste Diversion of the Solid Waste Management Branch at extension 5738 in the Transportation and Works Department.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is included with this report.)