

# No Use Crying Over Spilt Milk

Dairy industry product stewardship across Canada

by Clarissa Morawski

**D**uring the past decade there has been considerable development around beverage container stewardship. Milk packaging has traditionally been considered sacrosanct in part because it is a so-called “basis staple” and therefore should not carry any additional costs, including packaging stewardship costs.

More recently, however, milk packaging has been pulled into the stewardship arena. In provinces such as Alberta, Saskatchewan and Nova Scotia where there was a threat that milk containers would be included in the existing provincial deposit-return sys-

tems, industry voluntarily entered into various stewardship agreements.

By summer 2003 the Ontario dairy industry will be required to subsidize municipal blue box programs collecting milk and dairy product packaging. The following provides an update on the changing landscape of dairy packaging stewardship in Canada.

## The beginning: Alberta

It all started in Alberta in fall 1998 when the provincial environment minister gave the Alberta dairies an ultima-

tum to either implement a voluntary recycling initiative or join the deposit-return program. The industry was given two years to meet a 75 per cent recovery rate for HDPE milk jugs. In July 2001 the program expanded to include polycoat milk cartons.

The Alberta Dairy Council administers the program, which relies on community and municipal participation to drive the collection of used containers. The key financial instrument is a “top-up” payment that helps provide a guaranteed “floor price” to recycling authorities for milk jugs and cartons collected and shipped to market. A trans- →

Province	Industry Funding			Recovery Fees/Revenues			Recovery Targets	Recovery Rates	
	4-litre plastic jugs	cartons and jugs >1 litre	cartons and jugs <1 litre	Plastic jugs	film	Cartons			
<b>Alberta</b>	\$0.02	\$0.01	\$0	an average \$400/tonne	not applicable	an average \$225/tonne	Jugs: 55% by 2002 65% by 2003 75% by 2004 Cartons: 35% by 2003	42%	The three Alberta dairies provide municipalities or other recycling designates with top-up payments. A \$25/tonne transportation subsidy is provided to municipalities outside of urban centres.
<b>Saskatchewan</b>	\$0.02	\$0.01	\$0	\$400/tonne	not applicable	\$150/tonne	75%	Jugs: 35.8% cartons: 9.5% from April-Dec. 2002	Province's dairies initiated a voluntary program and award "guaranteed salvage price" for recovered materials. Jugs & cartons are voluntarily collected through municipal returned to recycling or beverage container depots.
<b>Manitoba</b>	none			80% of the net costs or municipal recycling			none	all Jugs: 22% all cartons: 18%	Municipalities that collect dairy packaging through curbside collection and drop-off programs receive a subsidy of 80% to cover the net costs of recycling.
<b>Ontario</b>	Deposit-Return	\$63.32/tonne polycoat sold \$93.34/tonne PP sold \$100.12/tonne LDPE film sold		50% of the net costs of municipal recycling			to be determined	all cartons: 5.3% all film plastics: 3.5% HDPE jugs on deposit: n/a	This February the Minister will receive a "Blue Box Program Plan" from Waste Diversion Ontario, developed by Stewardship Ontario for approval. The plan will include material recovery targets, educational activities, industry levies, etc.
<b>Quebec</b>	to be determined			to be determined			to be determined	n/a	A packaging regulation (currently in its first draft) will require that municipalities that collect dairy packaging through curbside collection receive 50% of the net costs from industry. Program details will be determined in 2003.
<b>Nova Scotia</b>		\$0.005/one-fluid litre sold		to be determined	not applicable	\$326/tonne	27% by 2000 32% by 2001 39% by 2002 43% by 2003 45% by 2004 47% by 2005	44%	Nova Scotia municipalities receive a direct payment from the dairy industry for the estimated gross costs of recycling milk cartons. In year 2001 of the program, municipalities received \$326/tonne of milk cartons recycled. Municipalities keep any revenues generated from the sale of the material. Costs are estimated based on the basket of goods/tonne gross costs, times 3% (representing the weight of cartons in the recycling stream).

*There are no significant developments in other Canadian provinces at this time.*

portation supplement is offered to recycling authorities outside of urban centers to help offset the costs of moving material to markets. Funds are gained through fees provided by the dairy industry on each unit sold in the province (*see chart*).

While the dairy industry is proud of its initiative, the performance falls far short of what the government had asked for. Before the program began, the recovery rate on milk jugs was 31 per cent. By 2001, the recovery rate rose to just 42 per cent. While the province continues to provide the dairy industry with extensions on the targets, pressure is mounting to include these containers in the successful deposit-return program.

## Saskatchewan

Established in early 2001, Saskatchewan's program is similar to that of Alberta. Consumers are asked to voluntarily return empty milk containers to bottle depots or participate in local municipal recycling initiatives. In general the per-unit fees are passed on to the consumer; sales have not been affected in spite of the price increase. (*See chart*.)

## British Columbia

In 2000 a group of environmentalists and municipal authorities initiated a petition that called for expansion of the deposit-return program to include milk containers. In response, the B.C. Dairy Council (BCDC) undertook a pilot project in Abbotsford-Mission for about 35,000 households to collect milk cartons and jugs via the curbside program. BCDC and beverage industry group Encorp Pacific provided funding.

(Note: Encorp Pacific provided upwards of \$30,000 to support the pilot. This was a dubious expenditure given that Encorp is responsible for managing the deposit-return program for non-alcohol containers; this money came out of the pockets of non-alcohol beverage consumers via their container recycling fee intended to support only the deposit-return program.)

Results of the pilot will be released in early 2003.

## Nova Scotia

In February 2000 the Atlantic Dairy Council and the Nova Scotia Milk Processors signed an agreement with the province and municipal authorities to implement a milk-carton recovery program. Municipal authorities collect containers through their curbside program and receive funds for collection,

processing, transportation, marketing, promotion, education, administration and amortized capital costs involved in carton recycling.

In 2001 municipalities received about \$326/tonne of material recovered. In 2002 per-tonne revenues went up slightly. Municipalities keep any revenues generated from the sale of the material. Costs are estimated based on the "basket of goods" gross cost, multiplied by three per cent (representing the weight of cartons in the recycling stream). For the dairy industry this represents half a penny per fluid litre sold in the province.

The greatest change in Nova Scotia, however, is the recent introduction of two new milk packages. What was traditionally a polycoat or carton container is being replaced with one- and two-litre HDPE plastic jugs and "Tetra Tops." Marketed by Farmers Dairy the new Tetra Tops are recycled, but with some difficulty due to their plastic tops. Surprisingly the public was outraged with the less "environmentally friendly" container. The *Chronicle Herald* featured two front-page stories on the Tetra Top. The issue also received press in other provinces. The price of milk in the new containers increased by five cents to cover the increased packaging costs.

## Manitoba

In Manitoba, municipalities that choose to include dairy packaging in their curbside or drop-off program receive a financial subsidy from the Manitoba Product Stewardship Corporation (MPSC) of about \$192, \$152 and \$128/tonne for northern and rural areas and the City of Winnipeg respectively. This represents about 80 per cent of the net system costs for the "basket of goods." In Manitoba all funds are raised through a consumer-based two-cent eco-tax placed on all non-refillable, non-dairy beverage containers.

## Big changes for Ontario and Quebec

For Quebec and Ontario, the future of dairy packaging recycling lies in the hands of municipal authorities. Both provinces have passed legislation that will require brand owners to help finance municipal recycling efforts to the tune of 50 per cent.

Stewardship Ontario, a new industry funding organization whose secretariat is Corporations Supporting Recycling is scheduled to begin charging brand owners and first importers of packaging sold

in Ontario stewardship levies as early as summer 2003. Still in draft form, initial estimates have been determined.


Plastic film, which makes up about 70 per cent of all milk-based packaging and is recovered at a rate of 2.6 per cent, costs about \$894/tonne to recover and will carry an industry levy of \$100.12/tonne sold. Carton material, which makes up at least 20 per cent of milk sales and is recovered at a rate of 5.25 per cent, costs about \$299/tonne to recover. It will carry a levy of \$63.32/tonne. Milk containers sold with a deposit such as two and four-litre milk jugs from Becker's convenience stores will be exempt.

Quebec's program is expected to levy about \$25-million from brand owners of packaging and printed papers (\$31-million in Ontario). The levy methodology is likely to be consistent with Ontario's model. Quebec dairies will have some time to prepare for these new stewardship fees, as the program is unlikely to be developed until 2004.

## So the message is clear.

The dairy industry is being forced to take responsibility for milk container recovery and recycling through two different stewardship model options.

The first is deposit return (untried with milk beverages), where, in general, the beverage industry has control over the system and costs are externalized through small visible fees to consumers. Experience has shown little resistance to container recycling fees, eco-fees or half-backs. In addition, consumers do not seem to mind the so-called "inconvenience" of returning their containers to retailers or depots. Finally, performance is consistently high, with average recovery rates ranging from 75 per cent to 85 per cent.

The other model is the shared financing scheme with municipalities. Here the dairy industry has little or no control over the system costs, and will pay directly out-of-pocket to support municipalities. Whether the recovery rate for milk packaging experiences substantial gains through a subsidized curbside system has yet to be seen. 



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