ONTARIO'S WDO

What will it mean for municipalities?

Clarissa Morawski

On September 1, 2000 the Ontario Waste Diversion Organization – an industry driven policy advisory group, submitted its final report to the Honourable Dan Newman, Ontario's Minister of the Environment. The final report proposes to exchange 50% industry funding of municipal recycling costs for a "backdrop regulation." Such regulation will effectively entrench industry's view that municipalities should assume (share) the bulk of the costs of recycling and landfill of packaging with industry – a view industry refers to as "shared producer responsibility."

Not surprisingly, and consistent with the politics underlying the 15-year history of curbside collection in Ontario, the WDO's "new" proposal will mean municipalities will end-up spending nearly double what they are currently paying for diversion in order to meet the WDO's (read industry's) suggested municipal waste diversion targets.

Perhaps the best way to put industry's newest proposal into perspective is to review the events that led to the formation of the WDO.

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Blue Box Solution

The late 1980s saw the Blue Box introduced to Ontario as a solution to Ontario's perceived "landfill crisis." Seizing the opportunity to further its agenda of substituting refillable containers for more retailer friendly disposable packaging, the soft drink industry struck a deal with the provincial government. It would provide $20 million to establish multi-material curbside collection – the Blue Box – for a reduction in the existing soft drink refillable quota from 75% to 30%. At the time the deal was being struck, an army of lobbyists descended upon municipalities claiming not only that recycling would pay for itself, but that councils would eventually be looking to the sale of recovered Blue Box materials as a way to generate net revenues for their municipalities.

Six years later, in 1993, some municipalities (especially northern ones) were balking at the high costs. At the time, these costs were hovering at a provincial average of $200/tonne.

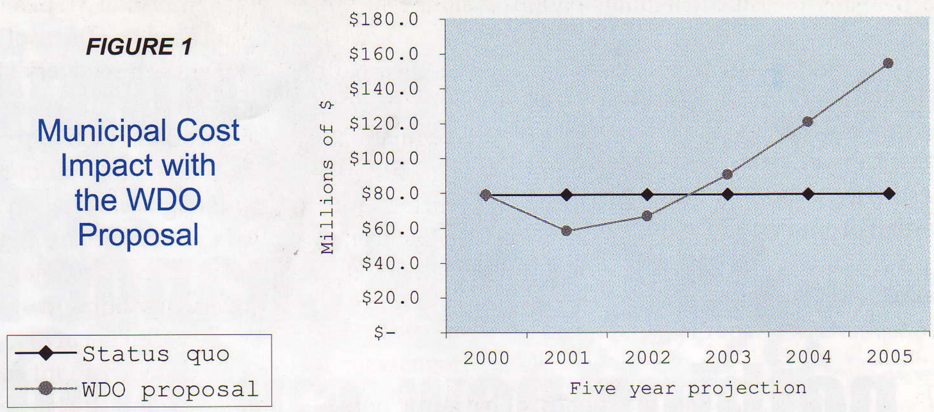
CIPSI

The years 1993 through 1995 saw the rise and fall of the next great industry proposal – The Canadian Industry Packaging Stewardship Initiative (CIPSI). Developed by the Grocery Products Manufacturers of Canada (GPMC), soft drink industry and other related industry groups, CIPSI was a concerted, national effort to prevent the implementation of a beverage industry wide deposit-refund system in Ontario. Also, success in establishing CIPSI in Ontario would have meant a salable alternative to existing deposit-refund legislation in other provinces (at the time it had already begun discussions with the governments of several other provinces). Simply stated, the industry proponents of CIPSI hoped that, if implemented, it would finally eliminate the discussion of deposit-return systems for beverage containers.

In simple terms, the CIPSI model proposed that fees on producers would be levied to fund municipalities to the point that recycling costs would be no higher than disposal costs. Introduced to the NDP government, the election of a Progressive Conservative government in 1995 saw CIPSI's proposed fees labeled "taxes" and the proposal rejected. With a pro-business government in power, the CIPSI proponents rightly assumed that the specter of a broad based deposit-refund system had vanished. With the threat gone, the CIPSI consortium folded, its members taking a "political vacation" until March 1996 – the month the Ontario government terminated provincial Blue Box subsidies. At this point in history, Ontario municipalities had contributed over $375 million towards capital and operation costs of the program.

FIGURE 1

Municipal Cost Impact with the WDO Proposal



Programs Make Progress – But Not In Ontario

The next few years saw considerable progress outside of Ontario, as material and product specific producer responsibility programs began to take hold across the country. Six Canadian provinces expanded their deposit return programs to include all beverage containers, and nearly all provinces implemented curbside programs with or without provincial financing. Provincial governments also embraced producer responsibility for waste materials like tires, used oil, filters and containers, paint, solvents, gasoline and other flammable liquids and pharmaceuticals. Common to *all* these programs is the absence of municipal financial responsibility, with responsibility shared by product producers and their consumers.

In 1996, Ontario's municipal recycling woes were at their zenith. Financial support from the province had been eliminated; market share for aluminum cans (the most valuable recyclable material in curbside programs) had dropped by over 10% since 1994; market values for recyclable materials had declined; and specific materials, such as coloured glass, were increasingly costly to collect, and unmarketable once collected. With stewardship programs not under discussion, municipalities pushed to have provincial recycling regulations amended in order to eliminate the collection of high-cost, low-value materials.

In short order, deposit-return for beverage containers came to the forefront of the municipal lobby. This time, however, the focus was not so much on soft drink containers as it was on wine and spirit containers originating at the Liquor Control Board of Ontario – an agency of the Government of Ontario.

LCBO Containers and the WDO

By 1998, over 85% of Ontario (as represented by municipal councils) called on the province to institute deposit return for LCBO containers. The City of Toronto took it one step further with a plan to only provide business licences to LCBO outlets that implemented such a system. Just as it was about to pass its by-law, the Minister of the Environment announced the formation of the Waste Diversion Organization, and the immediate contribution of $4 million by the LCBO to Ontario municipalities. The City of Toronto would only be eligible for its share if it agreed to drop its impending by-law.

One year later, the province and Corporations Supporting Recycling (CSR – a lobby group representing grocery, soft drink, packaging, food and consumer product industries) entered into a Memorandum of Understanding that created a formal process for developing a sustainable *funding solution* to meet a 50% diversion target. It was agreed that CSR would act as the secretariat of the newly formed group and would coordinate all of the forthcoming policy development.

Final Report

In September 2000, the WDO submitted its final report to the Minister of the Environment. Not surprisingly, WDO's key recommendation is that the only way for Ontario to achieve a target of 44% diversion (50% was considered too expansive) is to focus attention on organic diversion (food and yard waste), which by weight comprises the biggest portion of the waste stream.

The report recommends that the province "implement mechanisms to ensure that municipalities establish the programs recommended by the WDO." The primary elements of such a mechanism is "to extend the minimum waste diversion service requirements to include organic waste diversion" (most likely an amendment to the 3Rs regulations). The report also suggests "costs of implementing expanded organic diversion programs would be expected to fall to municipalities and/or the province." To date, there has been no indication that the province will provide municipal funding to help cover these new costs.

Costs to Ontario Municipalities

For industry's part, with the support of backdrop regulations, for five years a municipal subsidy of about 45% of costs of blue box and hazardous waste depot programs will be provided. It is estimated that, collectively in 2000, Ontario municipalities paid $79 million towards diversion efforts including $27.8 million for organic diversion, $10 million for hazardous waste and $41.4 million for blue box collection.

With the WDO proposal in place, recycling costs will drop to $22.3 million in 2001 and rise to $35.2 million by 2005. Hazardous waste collection will also drop to $6.1 million in 2001, and increase to $9.4 million by 2005. Organic diversion costs will increase to $30 million in 2001, and further increase to $109 million by 2005. Collectively, this means that total diversion costs will run from $58.3 million in 2001, to $153.6 million by 2005 (see Figure 1).

The Green Dot

This November 2000, CSR sent out a press release stating that they have entered into the final stages of negotiations to award CSR the Canadian rights to the 'Green Dot' recycling identification system. The release states "the dot [which is used in many European countries] indicates that the brand owner has contributed financially to a fund that manages recycling and recovery stewardship for those materials." It continues, "CSR is a national not-for-profit organization that works proactively with Canadian municipalities and jurisdictions to help develop cost-effective waste diversion systems for its industry members' consumer products and packaging."

What CSR didn't mention is that the Green Dot has no recovery or funding standards attached to it. Awarding of the Green Dot is based on adherence to a government-prescribed standard and participation in a program that meets that standard. If CSR is successful in getting the Ontario government to implement its vision of "shared responsibility," the province's standard will be low – very low. In that case, and unlike in many European jurisdictions, the Green Dot will be transformed from a symbol of meaningful packaging stewardship to a symbolic public relations exercise.

Indeed, for many Canadian municipalities, the Green Dot may come to mean, "Hold on to your wallet." *MW*