

# Alternative Approach to Ontario's Blue Box Funding Model

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# Presentation Outline

- Alternative Approach-Why now?
- Historical Perspective
- Challenges with the Current System
- Benefits of Moving More Responsibility to Stewards
- Guiding Principles
- Options Considered and Recommended
- Transition issues

# Alternative Approach to Ontario's Blue Box Funding-Why now?

- Province was interested in hearing about functional split
- Approaching 5 year review of the Blue Box Program Plan
- Growing problem with generation of non-recyclable packaging
- Funding is required to support designation of other materials.

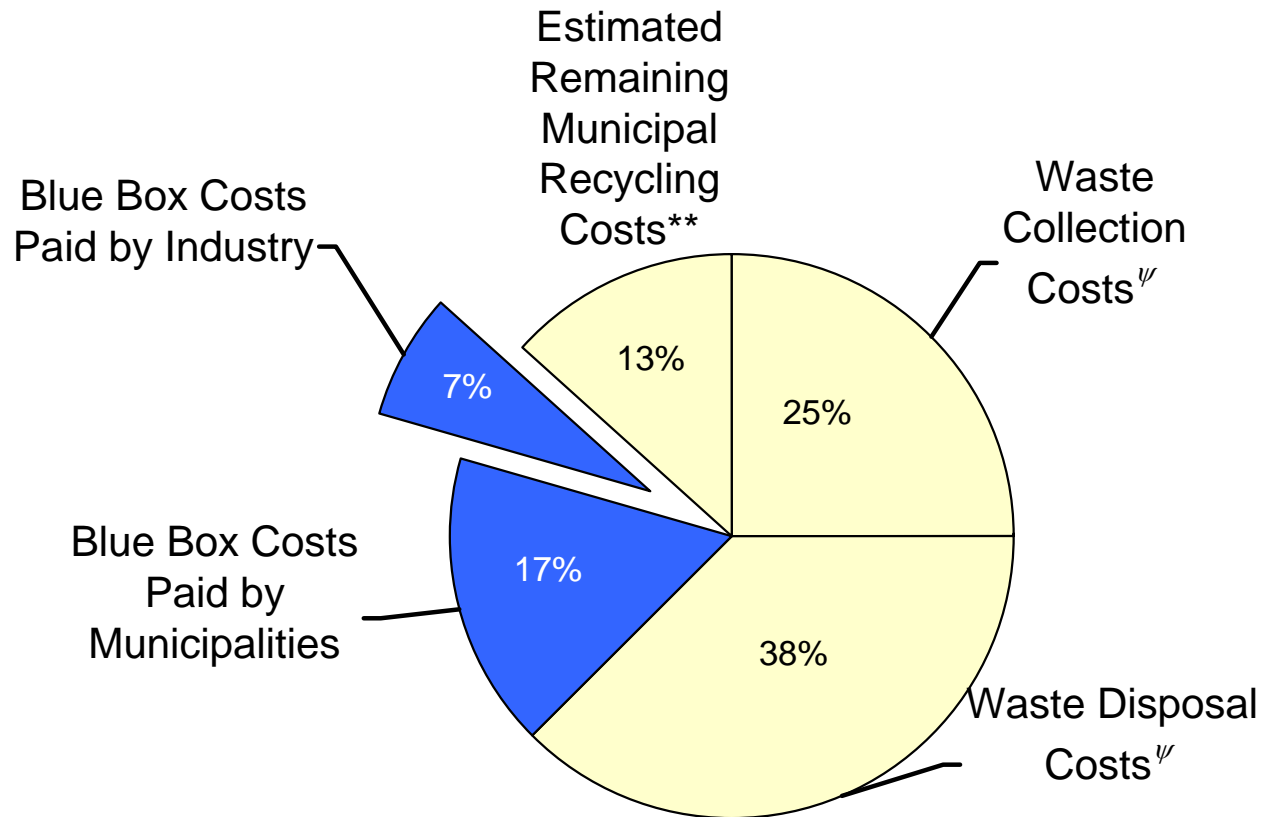
# Historical Perspective

- **80's** - Blue Box funding was provided to municipalities by the Province and industry
- **90's** - funding eliminated, municipalities were mandated to provide Blue Box programs subsidizing an industry generated problem 100%
- **2002 to Now** - Waste Diversion Act mandating municipal / industry 50% cost sharing for the Blue Box

# Challenges with the Current System

- Indirectly encourages producers to design more non-recyclable packaging thereby reducing diversion
- Packaging is not designed for source reduction
- More variety of materials means more operational and marketing challenges resulting in increased program costs

# Total % of Operating Costs for Municipal Waste Management in Ontario



- Potential exists for significant municipal savings to be used to strengthen diversion programs coming on line such as kitchen organics

# Other Problems and Concerns

- Market Instability
- Diversion Goals
- Investment needed for improvement

# Benefits of Moving More Responsibility to Stewards

- Stewards will be motivated to improve packaging design resulting in higher recovery
- Consistency of decisions will result in uniform Blue Box through out the Province
- Good for business
- Funds saved can be used in other program areas such as kitchen organics

# Guiding Principles for Moving to Alternative BB Funding Model

- Expand the list of designated BB materials
- Increased financial obligation to industry
- Ministry to set strict recovery targets and enforce non-compliance
- Producers manage problem materials
- Effective and ongoing communication and education on diversion

# Analysis of Options

## Functional Split

**Options 1-** Municipalities responsible for all costs except processing

**Options 2 -** Municipalities responsible only for collection costs

## Shared Responsibility

**Options 3 -** Equally share the full cost of all generated packaging and printed paper

# Why Functional Split and Shared Responsibility does not Work for the Blue Box:

- Continues to subsidize an industry created problem
- Minimal potential to improve product design and market development
- Less recyclability means more landfilling
- Stewards will continue to accuse municipal programs of being inefficient and lobby for reduced industry obligation

# Analysis of Options (Recommended)

## Full Extended Producer Responsibility (EPR) Phased-In

**Options 4** (Phase 1) - Industry pays 100% for what is in the BB and shares cost with municipalities for garbage and litter stream.

**Options 5** (Phase 2) - Industry is responsible for all costs of generated packaging and printed paper, regardless of where it goes.

# Reasons for Recommending Phased-in Full EPR

- Full cost of managing post consumer packaging and printed paper would be realized by industry
- Costs incurred to stewards will create incentives for sustainable packaging designs
- Full EPR will free up funds for municipalities to apply to other diversion programs

# Recommended Phased-in Full EPR

COSTS(\$Million)	Present Day		Option 4		Option 5	
	Municipal	Industry	Phase 1		Phase 2	
			Municipal	Industry	Municipal	Industry
BB Collection Costs <sup>1</sup>	\$69	\$69		\$138		\$138
BB Processing Costs <sup>2</sup>	\$38	\$38		\$75		\$75
Other BB Costs <sup>3</sup>	\$14	\$14		\$28		\$28
BB Revenues <sup>4</sup>	-\$44	-\$44		-\$87		-\$87
Costs for Packaging and Printed Paper in the Waste stream and Litter <sup>5</sup>	\$80		\$40	\$40		\$80
<b>Totals</b>	\$157	\$77	\$40	\$194	\$0	\$234
<b>% of Cost</b>	<b>67%</b>	<b>33%</b>	<b>17%</b>	<b>83%</b>	<b>0%</b>	<b>100%</b>

# Transition Issues

- Ensuring recycling programs continue to work within the context of an integrated waste management system
- Ensuring that the current levels of service to the resident is not compromised
- Recycling and the political profile for municipalities
- Data gathering and analysis of full costs
- Decision making body

# Key Changes Required Before Implementation

- Restructure WDO Board
- Change Sec. 25(5) of the WDA from the current 50% cost share to full responsibility by stewards for all printed paper and post consumer packaging
- Revise Reg. 101/94 to expand the list of BB material to include all post consumer packaging and printed paper
- Review and revise the BB program Plan