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**Monday 27 May 2002** 

# Standing committee on general government

Waste Diversion Act, 2002

# Assemblée législative de l'Ontario

Troisième session, 37<sup>e</sup> législature

# Journal des débats (Hansard)

Lundi 27 mai 2002

# Comité permanent des affaires gouvernementales

Loi de 2002 sur le réacheminement des déchets

Chair: Steve Gilchrist Clerk: Anne Stokes

Président : Steve Gilchrist Greffière : Anne Stokes

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

# STANDING COMMITTEE ON GENERAL GOVERNMENT

#### COMITÉ PERMANENT DES AFFAIRES GOUVERNEMENTALES

Monday 27 May 2002

Lundi 27 mai 2002

The committee met at 1600 in committee room 1.

#### WASTE DIVERSION ACT, 2002 LOI DE 2002 SUR LE RÉACHEMINEMENT DES DÉCHETS

Consideration of Bill 90, An Act to promote the reduction, reuse and recycling of waste / Projet de loi 90, Loi visant à promouvoir la réduction, la réutilisation et le recyclage des déchets.

The Chair (Mr Steve Gilchrist): It would appear that routine proceedings have ended. My apologies to the folks who are here to make presentations to Bill 90. Certain folks precipitated certain votes with inevitable outcomes, but unfortunately that occasioned a delay and we're unable, under the rules of the House, to engage in committee work until routine proceedings are over.

I also would like to welcome to the standing committee on general government our newest member, Mr Al McDonald. Congratulations on your election and your appointment to this committee. I'm sure you'll find it very interesting. We're getting you off to a quick start here, having been sworn in scant minutes ago. Welcome to the committee, Al.

Mr Al McDonald (Nipissing): Thanks, Mr Chairman.

#### SUBCOMMITTEE REPORT

The Chair: With that, our first order of business will be the adoption of the subcommittee report. Might I, in the interest of time, to the extent that it might offend the finer sensibilities of the clerk, suggest that we dispense with the reading? I think you all have a copy of the subcommittee report in front of you. If somebody would move its adoption.

Mr Ted Chudleigh (Halton): I'd be pleased to. The Chair: All those in favour? It's agreed.

#### TORONTO ENVIRONMENTAL ALLIANCE

**The Chair:** That will take us to our first presentation, from the Toronto Environmental Alliance.

I must note to folks we're probably going to have to skim a minute or two off everybody's time, but I'll certainly give you a heads up, and if you could speak a little faster than you'd probably prepared in the interest of nobody being cut off at 6 o'clock, because that's another rule that is fairly inflexible for us.

Good afternoon and welcome to the committee.

Mr Gord Perks: Mr Chair, members of the committee, it's very kind of you to take the time out today to listen to our presentation.

At the hearings following first reading on Bill 90, the Toronto Environmental Alliance stressed several thematic problems we had with Bill 90. Specifically, those principles were that the bill did not conform to the three Rs hierarchy: it did not promote extended producer responsibility; it did not contain within it the ability to tailor different kinds of programs to different kinds of materials; it increased rather than reduced the amount of bureaucracy required to implement a waste management plan; and, finally, it misallocated the powers of regulation-making and financing between government and industry. It was our view that regulation-making is properly the responsibility of elected officials, not appointed corporations.

That critique still applies, but today I would like to pose a simple amendment that I believe will address those problems and others with the bill. Specifically, I would suggest adding a single clause to the bill, which would state that nothing in Bill 90 would supersede the power of the government to make regulations as set out in the Environmental Protection Act, specifically in section 176.1, subsections (4) and (7) of that act. I'd just like to spend a moment on what those powers within the Environmental Protection Act do.

As to subsection 176.1(4), that is the part of the bill that allows the Lieutenant Governor in Council to make regulations on a variety of waste management initiatives. Specifically, it gives the minister powers to direct municipalities and other waste management generators to develop plans for waste management, to develop specific programs, to meet targets, to submit reports; in other words, to do all of the things that Bill 90 could conceivably ask a municipality to do. The minister already has, as is set out in the Environmental Protection Act, all of those powers.

In the same section, this time subsection (7) though, the Environmental Protection Act gives the Lieutenant Governor in Council the ability to make regulations regarding packaging, regarding the behaviour of industries that package or sell products that could have a waste management consequence. Clauses (7)(a), (b) and (c) define how the province may make regulations on

refillable, returnable, non-refillable and non-returnable containers. Those powers are all in the hands of the government already.

Further on, in clauses (g) and (g.1), it's defined how the minister may require vendors to redeem the deposit to customers. That's already within the hands of the government.

Further on, in clauses (j), (k) and (l), the minister is granted powers to make regulations regarding what kinds of materials can be sold as products for packaging. Specifically, in clause (l.1) the minister has the ability to require that disposable products and products that pose waste management problems be capable of being made reusable or recyclable. The minister again has all the powers that Bill 90 could imagine in that domain.

Clauses (o) and (p) set out that the minister may require an industry or a group of firms to perform a study as to how best those materials could be reused or recycled.

Clauses (q), (r) and (s) set out how the minister might regulate that an industry group or a firm set out a plan for how that material could be captured, recycled, reused etc, and how the industry can develop its own plan and submit it to the minister or the minister may impose a plan of his or her own.

Further, with clause (t) it establishes that the regulations may also encompass targets for what should be achieved for those materials.

In other words, every single conceivable power that Bill 90 supposedly grants to allow us to move forward with our waste management policies here in Ontario is already contained in the Environmental Protection Act.

One has to ask oneself, then, why Bill 90? What does Bill 90 achieve? Here we come to the nub of the problem. The only specific difference between Bill 90 and the currently held powers of the province of Ontario is the creation of Waste Diversion Ontario, a board of directors dominated by industry associations and allies of theirs who, for 15 years, have been frustrating the efforts of this province to move forward with waste management programs.

Specifically looking at the blue box, there are several key stakeholders in the blue box. We have the soft drink industry. The soft drink industry claims they do not have to pay any more for management of the blue box because municipalities make such large revenues from aluminum. The newspaper industry, which is another blue box player, says it actually has a specific exemption in Bill 90 allowing them to provide in-kind advertising instead of funding for the blue box. The paper and paperboard industry, which will present later today, make the argument that if a different accounting method, namely activity-based costing, were used, we would see that in fact they were the ones contributing financially to the blue box and therefore they should not have to contribute any funding.

These are the kinds of associations that will be given the powers currently held by the province of Ontario to devise plans and oversee the implementation of plans for waste diversion in Ontario. A less likely crowd of suspects I can hardly imagine.

Why, then, would the province in its wisdom put forward a bill that is nothing but a giant step backward? The explanation that's been offered to the public, myself and others is that the effort here is to try to harness market forces, to try to get the private firms, who have the best sense of how to use the market, to use the market to increase recycling.

Bill 90 will not accomplish this, because rather than having an industry funding organization which is tied to a particular group of products make the decision, that same board with a set of interests that undermine the particular interests of certain firms will be in charge. The minister, under the Environmental Protection Act, can already go to the used motor oil industry and say, "Develop a plan and implement it."

In short, I would argue that you need to put an amendment into Bill 90 that says nothing in Bill 90 supersedes those powers as laid out in the Environmental Protection Act.

Finally, I would take the one material in the blue box which the province has direct control over, which is containers for the Liquor Control Board of Ontario—wine, spirits and beverage containers—and put them on a deposit-return system that the LCBO could manage themselves, as a sign of good faith that the province of Ontario is willing to put its own house in order.

The Chair: Thank you very much for your presentation. We appreciate your short and sweet comments here today.

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#### **BREWERS OF ONTARIO**

**The Chair:** Our next presentation will be from the Brewers of Ontario.

Ms Marilyn Churley (Toronto-Danforth): Mr Chair, just a point of information: I apologize for being late. Has it already been determined that we don't get to question the deputants?

The Chair: It's already been determined that because of all those votes we'll be lucky to hear the very comments from the deputants.

Ms Churley: OK.

The Chair: Good afternoon. Welcome to the committee.

**Mr Usman Valiante:** Good afternoon, Chair and committee members. My name's Usman Valiante. I'm director of strategic programs with the Brewers of Ontario. Some of you were here last time when we spoke after first reading and some of you weren't, so I'll be brief in my opening remarks.

The Brewers of Ontario, shareholders of the Beer Store, presented last time and we opened with our performance and our key participation in waste diversion in Ontario. The Beer Store is effectively a co-operative that is home to 60 brewers, both domestic and foreign. We sell over two billion individual units each year, over

seven million hectolitres, seven million hundred-litre units of beer. We generate about 500,000 metric tonnes of waste packaging every year and we recover 495,000 tonnes for that, for an aggregate recovery rate of about 97.6%. The system is predominantly refillable-bottle-based; 91% of all beer sold in the province is sold in refillable bottles or refillable draft beer kegs, and those containers are recovered under deposit. Along with that, all other packaging is recovered. One of the key components of the system is that it is privately funded. There's no taxpayer funding of the system. It's 100% paid by brewers and their shareholders and it's been operated voluntarily for 75 years.

We don't rest on our laurels. Since we were in front of this committee last time, the Beer Store has won an award for its fleet management. We've reduced the idling time of our trucks by 51% and reduced the use of fuel by 32,000 litres. Why that's important is a closed-loop system that distributes and recovers packaging. When you reduce the emissions in energy associated with distributing and recovering your products, you improve the environmental profile of that packaging and of your products themselves.

The last time we were in front of this committee, we were seeking recognition of the Beer Store packaging management system within Bill 90. I guess the fundamental premise of our argument was that as an intrinsic and integral part of waste diversion in Ontario there needs to be a common policy platform. We felt deposit return-reuse, as higher up on the hierarchy than recycling, deserved recognition in the bill and certainly this draft of the bill does that. I'll quickly go through what we feel it's achieved.

It recognizes the exceptional contributions of deposit, refund and reuse to provincial waste management, and it recognizes the principle of full producer responsibility along with the shared responsibility concept for the blue box. It recognizes the Beer Store as a pre-existing self-funded and self-administered analogue to what are called industry funding organizations within the bill. This is a pre-existing one.

It recognizes that the Beer Store operates and administers packaging recovery on behalf of many players. There are 60 brewers in the system right now; over 1,000 different pack sizes. It recognizes 100% producer responsibility and accordingly exempts the Beer Store from fees. However, it does this contingent on ongoing performance, so the Beer Store will have to report to the WDO and to the minister about its ongoing performance. We feel that's more than reasonable.

In sum total, in principle we're quite supportive of the bill. Where we have a comment to make would be that as the bill is enacted, we feel there's one initiative that the government could take that would send a very powerful and positive message. This is something we've been consistent on over the years, and that is, our colleagues at the LCBO should be operating a deposit-refund system as well, and I want to go through some of the points here.

There's about 74,000 tonnes of packaging sold through the LCBO each year. The municipal costs of

that—and this is debatable—are \$10 million a year. That's both the cost of landfill and recycling. For the last couple of years, the LCBO has put \$5 million of funding into the blue box. I would note that that \$5 million that comes out of the LCBO comes out of the same pool of taxpayers' dollars. That revenue that accrues to government from LCBO sales is taxpayer money. Really, the taxpayer is footing the whole bill.

LCBO containers are predominantly glass. Glass is inordinately expensive to collect curbside and recycle. It has few markets and generates no scrap value when broken and colour-mixed. Much of the LCBO glass that's collected for recycling is either stockpiled or simply sent to landfill currently. For example, the glass that's collected in Toronto—euphemistically the city of Toronto will tell you that they're using it to build a road within the landfill. The road's going to be covered and the glass effectively landfilled.

Deposit-return systems, especially ones that are analogous to the closed system that the Beer Store and the LCBO operate in, are the most effective and efficient programs for recovering wine and spirits containers. In 1991 the LCBO had a study commissioned. Its own study found that it was the most effective option for recovering its own containers. Unfortunately, the results of that were misconstrued to the government. I've written a piece on that, if anyone cares to see it.

More recent work indicates they could operate a system that gets 85% of their containers back, at a net revenue to the LCBO of \$2.1 million. That net revenue accrues from the unredeemed deposits on containers that aren't returned, so that's consumers who choose not to return their containers, and the scrap revenue from clear-colour-separated materials, aluminum cans, plastic and the other materials that are in the system.

Some have commented that the \$5 million to set up such a system at the LCBO is high. We would argue that it's insignificant compared to their current retail spending. Total capital spending at the LCBO went up from \$19.4 million in 1995-96 to \$55.7 million last year. Retail capital spending went from \$23.1 million in 1999-2000 to \$40 million last year. So they're spending a phenomenal amount of money on their retail system, yet the cost of their packaging is being borne by the tax-payer.

A couple of points to that: an LCBO deposit system would be entirely consistent with the administrative framework proposed by Bill 90. They would still retain a seat. They would operate as an independent funding organization representing the thousands of brand owners in their system. It completely meets the intent of Bill 90. It increases recycling rates while also creating opportunities for recovery and resale of selected containers for reuse. It does not mean forced reuse.

We've heard from the LCBO, "What about sending bottles back to Europe for refilling?" It doesn't mean that. It simply means recovering packaging for recycling, and if there are opportunities for reuse, the market will determine that. Some of the wine bottles, for example,

sold in the LCBO are worth \$1 and are being imported by small vintners in Ontario from Europe.

We believe the LCBO should assume responsibility for packaging. Of course, when lobbyists come to talk to you, there is always a commercial interest here, so let me be explicit about this one: 18.6% of all beer sold in the retail system in Ontario was sold by the LCBO in the last year. The LCBO continues to invest taxpayers' dollars heavily to increase its beer market share, so it effectively competes with the Beer Store, yet beer container recovery systems are solely borne by the Beer Store. So we recover the beer packaging that's on deposit at the LCBO. We operate a chain of empty bottle dealers across Ontario for the over 200 stores in which the LCBO sells domestic and imported beer but does not offer recovery. Unfortunately, consumers who buy in those communities have to travel to a Beer Store to return their containers, so there's a consumer impact as well.

It sets equitable treatment of imported and domestic beer. There are many imported brands that are solely carried by the LCBO that don't carry a deposit right now. We feel that's inequitable and that those brands are being subsidized.

Wine and spirits deposit-return systems are commonplace and effective. You'll find them in seven provincial jurisdictions and you'll find them in five US states. They're quite effective, especially when run in return and retail and using modern reverse vending equipment.

A couple of final points. There has been strong municipal support for this. I know municipalities support Bill 90 because they see it as a source of potential revenue to cover some of their costs, but they've also been quite vociferous in their support of a deposit-return system for LCBO containers. Again, whatever the funding that goes into municipalities to try to cover the cost of LCBO containers, it is still not an environmentally effective means of recovering those containers. They are largely landfill.

I'll just close off by saying two things. With our system, our consumers rate the packaging management program as one of the core values that they value most in the Beer Store system. That was a survey we just did last year.

In closing, we feel an LCBO deposit-refund system, if implemented concurrently with the enactment of Bill 90, would be a positive fiscal move. It certainly would be a fiscally responsible move and a meaningful and widely recognized environmental initiative.

Those are some of my comments for today.

**The Chair:** Thank you very much for those comments. Your timing is perfect. We appreciate that.

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## ASSOCIATION OF MUNICIPAL RECYCLING COORDINATORS

**The Chair:** Our next presentation will be from the Association of Municipal Recycling Coordinators.

**Ms Janine Ralph:** I'd like to thank the committee for this second opportunity to speak on Bill 90. I am here today as the chair of the Association of Municipal Recycling Coordinators or the AMRC.

The AMRC is an incorporated, non-profit organization of municipal waste management professionals that was formed in 1987 to address municipal waste management issues such as reduction, reuse, composting and recycling issues. The AMRC represents towns, cities, regions and recycling associations throughout Ontario, comprising approximately 90% or more of the municipalities that actually provide waste diversion services in the province.

For the past five years, members of the AMRC have been actively involved in the development of industry stewardship programs to support waste diversion. We provided expertise to the previous Waste Diversion Organization process in the areas of recycling, composting and household hazardous waste management and had previously worked for a number of years developing a voluntary household hazardous waste stewardship program with industry.

The association was pleased with the amendments that were made to the bill between first and second reading, as they addressed many of the issues that we put before this committee in our presentation last September.

Our members are very supportive of the bill and believe it will help relieve the financial burden that is currently borne by municipalities. We encourage speedy passage of the bill into law and the immediate designation of both blue box materials and household hazardous waste under the new Waste Diversion Act.

Municipalities have been without significant funding support for blue box and household hazardous waste programs since 1995. Last year, municipal taxpayers were responsible for paying in the order of \$65 million to support blue box programs and \$10 million for household hazardous waste programs in the province.

The proposed funding by industry of 50% of the net cost of blue box programs and the potential for 50% funding of household hazardous waste programs, as was actually proposed by the previous WDO process in the report to the minister in September 2000, would provide much-needed financial relief for municipalities, which would allow municipalities to expand or develop new waste diversion programs with the money that would then be freed up. For example, my municipality is looking at implementing broad-based organics diversion programs within the next couple of years. Without funding support, we will in fact have to go to the taxpayer for additional monies to divert a new stream of material.

We recognize that upon passage of the bill considerable effort will be needed to form the WDO, to develop the waste diversion programs for the designated materials and to actually create the industry funding organizations that are required to provide this funding, such that money may not actually be available until sometime after 2002.

But municipalities in Ontario have expressed the need to receive funding support for blue box and household hazardous waste programs for this fiscal year. In fact, many municipal resolutions that have been passed in the province to date have included that as a clause. We would like the committee to consider in your deliberations the need to provide funding for fiscal 2002.

In our previous presentation to this committee, another issue that we raised was regarding the structure of the WDO board. As proposed, the board includes twice as many industry representatives as municipal representatives.

The AMRC members generally accept this proportion of municipal to industry members on the board, with one proviso: we would like to see the ratio of industry representatives to municipal representatives remain the same over time and not be changed or increased as new industry funding organizations are developed.

We acknowledge that if used appropriately, this act will become a powerful tool for industry stewardship and funding. It will provide the necessary conditions for backdrop legislation that will create a level playing field where all industry players in a given material sector will have a legal obligation to participate and contribute to the fund.

If we had to distill this presentation down to its essentials, our message to you is simply to pass the bill as soon as possible. There has been considerable debate on this bill and it's time to move ahead. We strongly urge all political parties to support the bill and quickly bring it forward for third and final reading.

Again, thank you for the opportunity to comment on the bill today. I think I had the shortest presentation. Your time and attention is much appreciated.

**The Chair:** Thank you very much for your comments. We appreciate it very much—and your help in bringing us back on time.

**Ms Ralph:** Yes, we have time for questions, actually.

The Chair: Actually, we don't, because as it stands right now, we have 26 more minutes of presentation than we have time. But thank you very much.

#### RECYCLING COUNCIL OF ONTARIO

**The Chair:** Our next presentation, then, is from the Recycling Council of Ontario.

**Mr Michael Peterson:** My name is Mike Peterson. I'm here today as the vice-chair of the Recycling Council of Ontario. We spoke to the committee earlier. I thought our previous memorandum was particularly memorable because the Snowbirds were flying over at the same time, so not very much of it was heard. It was in writing, fortunately.

Who is the RCO? We're a not-for-profit organization committed to minimizing society's impact on the environment by eliminating waste. RCO is coming up to its 25th birthday. We were created in 1978. Our mission is to inform and educate all members of society about the generation of waste, the avoidance of waste, the more efficient use of resources and the benefits and/or consequences of these activities.

Since our inception we've actively assisted municipalities, corporations, other organizations and individuals in reducing waste. We've been central to the development of waste reduction and recycling policies in Ontario and have earned an international reputation for our work on issues of financing of the blue box and corporate stewardship. Our broad membership includes environmental organizations, municipal governments, recyclers, manufacturers, academia and citizens.

I think it's worth noting that in 1997 and 1998 we led Ontario's Recycling Roles and Responsibilities study and the public consultation process which ultimately led to the creation of the Ontario Waste Diversion Organization. RCO's executive director served on the WDO board of directors and other board members served on various subcommittees.

We continue to play an active role in the area. In March of this year we had a stakeholder information session on Bill 90 and we had over 60 participants, with people from municipal organizations, from industry and from NGOs to participate in an update.

Our comments on Bill 90: we have long supported the concepts of product stewardship and extended producer responsibility for manufacturers whose products and packages end up in the municipal solid waste stream. We believe that the proposed Waste Diversion Act, Bill 90, will provide the legislative structure necessary to pass regulations that will involve a wide range of industries, both financially and operationally, in the end-of-life management of their products.

The success of municipal curbside recycling in Ontario to date can be attributed in part to capital financing programs for municipal governments that were in place in the late 1980s and early 1990s. The industry contribution of one third of municipal capital costs for recycling was encouraged through provincial regulations that required recycling and reuse targets to be met by the soft drink industry. While the province provided some subsidies for capital and operating costs, the regulations did not encourage continued industrial support on operating costs. Once the targets were achieved, most industry and provincial funding of curbside recycling was discontinued, leaving municipal governments responsible for 100% of the costs. Obviously, AMRC, who just spoke, has already brought out that point.

Ontario has one of the most comprehensive curbside recycling systems in North America in terms of the broad range of materials collected and the level of service available to its residents. We also think it's important that there's an incredible degree of buy-in by the residents of this province that should not be disappointed. Unfortunately, as the economics of diverting some materials in the waste stream are marginal and many municipalities are operating under financial duress, some recycling programs are in risk of being curtailed if more stable and reliable sources of funding are not found. We think that Bill 90 offers at least a beginning solution for the funding problem. Accordingly, our submission can be boiled down into two short paragraphs:

We support Bill 90, the Waste Diversion Act, and we urge the provincial government to ensure swift passage of the bill in the current session of the Legislature.

Secondly, as a founding partner in the development of the rules and responsibilities process, and as a board member of the interim WDO, we formally request that a representative of the RCO be appointed to the board of directors of Waste Diversion Ontario as provided in section 3(2) of the act.

Those are our submissions, Mr Chair. I think, along with the AMRC, we're right there on your time frame.

**The Chair:** I appreciate that very much and thank you for your ongoing interest in this issue.

#### **COLIN ISAACS**

**The Chair:** Our next presenter will be Mr Colin Isaacs. Good afternoon. Welcome to the committee.

**Mr Colin Isaacs:** Good afternoon, Mr Chairman, members of the committee. Thank you very much indeed for the opportunity to be with you this afternoon. My remarks will be very brief because, as you know, I did present last time around, as did many others. But I feel the concerns that I raised at that time have not yet been addressed and that there's still an opportunity to do so. Hence, I'm here again.

To explain who I am, I'm an environmental management consultant, president of a company called Contemporary Information Analysis Ltd. Though I say so myself, we're probably the leading-edge environmental management consultants in Canada. I'm here representing myself and my company and nobody else.

#### 1630

I don't want to leave you to think, however, that my motives are purely altruistic. My company is involved very actively in helping to export Ontario recycling technologies and services, particularly to the more developed economies of Latin America. The programs that we export are very much built on Ontario's blue box. If Ontario makes foolish decisions with regard to the blue box program, then our clients are going to be turned away from our services and looking more to services from the United States and Europe. So we do have an economic interest in the outcome of this bill and this discussion.

Bill 90 has a very strong focus on recycling. Recycling, though it's a very laudable objective, is not always the best for the environment, and if it's not always the best for the environment, it's sometimes not the best for the economy either.

I think I can best illustrate my point with a couple of real examples. Let me take breakfast cereal as an example. This package is a bag only. The other package I have with me is a bag inside a box, the more familiar breakfast cereal packaging. I think that most people concerned about the environment would agree and understand that the bag-only approach is the environmentally preferred solution. Unfortunately, under the Bill 90 approach, it's likely that this product, the box and bag,

would pay a lower recycling levy than the bag only. Why is that?

In order to achieve recycling targets, the manufacturer of the bag inside the box has a fairly heavy box, that he can very cheaply pay for the recovery and recycling of. Boxboard, after all, is very easy and cheap to recycle. He probably won't have to worry about the bag at all, and that will continue going to garbage. However, the manufacturer that is already using the environmentally preferred solution, the bag only, has no box with which to subsidize his packaging levy, and will have to pay a packaging levy based on the cost of recovery and recycling of a plastic bag only, which is going to be a very expensive endeavour. So the environmentally preferred solution is in fact put at an economic disadvantage.

Let me give a couple of other examples. Wetwipes: same manufacturer, essentially similar products, one in a pouch pack, one in a plastic tub. The same considerations apply. Environmentally, the pouch pack is the preferred solution, but when you look at the cost of recovery and recycling, it's a whole lot easier to recover and recycle the plastic tub than it is to recover the pouch pack. The Bill 90 approach is going to give the person who uses the heavier package that is easier to recycle an economic advantage over the environmentally preferred solution.

I think it's important to recognize the impact on Ontario industry as well. Let's take spreads. This happens to be a jam product from ED Smith, located in Minister Clark's riding of Stoney Creek and using Ontario produce. This happens to be a honey spread which includes imported honey. The honey is in a plastic bottle; the jam from Ontario production is in glass. The levy on the plastic is going to be significantly less than the levy on the glass because the glass is very heavy and it's very difficult to recycle. We've already had reference to that from the representative from Brewers of Ontario. Again, the producer of the import product will likely see a lower levy than the domestic producer who chooses to use glass. Of course, we have to recognize that for the small Ontario agri-food producers, glass is a lot easier to manage and fill than plastic. A lot of small producers may well find themselves at a disadvantage because of the levy that is going to be applied to recycling of glass.

Finally, the problem doesn't apply just to packaging. I have a disposable razor and a reusable razor. I think most people would agree that the reusable razor, which simply replaces a small blade, is the environmentally preferred product compared to the disposable plastic razor. However, under the Bill 90 approach, the cost of recycling used razor blades is going to be very high indeed because they're so difficult to handle. The cost of collecting and recovering those will be high. On the other hand, the cost of collecting and recycling disposable razors is low, so the levy imposed by the industry funding organization and Waste Diversion Ontario is going to support the wrong product. That's the fundamental problem I see with Bill 90.

I believe that in the notes I have circulated I have proposed solutions which would allow the industry fund-

ing organization and Waste Diversion Ontario to take environmental factors into account when setting the amount of the levy and in fact to give a discount or to eliminate the packaging or product stewardship levy for those producers that are improving the environment in other ways. I commend those approaches to the committee.

The Chair: Thank you very much, Mr Isaacs. Thank you for the show and tell as well.

#### **KELLY CLUNE**

**The Chair:** Our next presenter will be Kelly Clune. **Ms Kelly Clune:** My name is Kelly Clune and I'm from Orillia. Thanks for the opportunity to be here.

I want to just note that this government has so many very important issues to deal with that really the waste problem is one issue that this government can achieve success in. To succeed, changes must be made to Bill 90.

One essential change would be to include composting in this bill. Composting represents a significant portion of our waste, so when developing a policy to reduce waste, it is essential to include composting. This province needs to work with municipalities and stakeholders to provide composting programs.

My primary focus today is on product stewardship. This is when producers accept responsibility for the life cycle of their product. Bill 90 must set the rules for industry. Product stewardship is essential. When producers are responsible for the life cycle of their product, they become concerned about reusing the end product because it makes financial sense for them to do so. Reduction and reuse are paramount in developing solutions to our waste problem, but Bill 90 appears to focus on recycling and disposal.

As I understand it, Bill 90 currently requires producers to pay a portion of collecting and processing materials if their products are collected through the blue box program. This means that if a producer chooses to produce a product that is not reusable or recyclable, like this frozen juice container, the industry is not responsible for the costs of disposal. The costs are paid by the taxpayer. Many items today are packaged with no regard for the waste issue at all. As you can see, clearly industry packaging has no consideration for our waste problem.

Taxpayers are tired of paying for industry's choice of packaging. Orillia taxpayers pay \$10,000 a year to collect disposable diapers for composting. If a consumer chooses to purchase disposable diapers, then that consumer and the producer must be responsible for the costs of collection and recycling of that product. The city of Orillia has one of the best waste diversion programs in the province, but the cost is high to taxpayers.

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With a population of approximately 30,000, Orillia spends almost \$500,000 to divert materials from our landfill. Revenues from materials collected are about \$150,000. Most of those revenues come from aluminium

and paper. The taxpayers in Orillia then spend almost \$350,000 a year to collect plastic and glass for recycling.

People are concerned about waste. This is evident through the increased participation in recycling throughout the province. People want to do their part to help improve the situation. Recycling has been a great first step. It has allowed us to look at our waste as the resource it is. When we keep materials clean and sorted, they become useful items for us now and for future generations. But people have also discovered through recycling that using a product once and then putting it through a costly recycling program doesn't make financial or environmental sense.

I brought these products along, some of which are collected in Orillia's blue box program. When we look at the products, we see that better solutions can be developed if we focus on reduction and reuse first, as Bill 90 must do. Many products today are packaged in plastic. Since each municipality offers a different collection program, not all plastics are collected for recycling in all communities. This makes it difficult for consumers. They purchase a product with a recycling code on the bottom feeling like they're making a good choice, and when they put it in their blue box it's not accepted. It's almost like false advertising. The plastic product has a recycling code on the bottom, but where is it being recycled? Many people wonder why the plastics industry must produce seven or more different grades of plastic. This only makes recycling more difficult.

Many household products come in plastic bottles that are recycled at a cost to taxpayers. Many of these products could be reused first—water bottles, for example. The fact that we have to buy water in bottles is bad enough, but wouldn't it make more sense to refill these bottles as many times as possible before recycling them? Dish detergent, shampoos, vinegars: it wouldn't be unreasonable to have refillable vats available in stores for people to bring in their bottles for refilling.

Deposit returns have been successful in other provinces. Many provinces developed deposit returns as a means to reduce unsightly garbage left everywhere.

The Chair: We've actually gone over time, so if you could wrap up in the next minute or so, please.

**Ms Clune:** Yes, I have just another minute there.

Deposit returns make sense and must be included in Bill 90 if we're serious about solving our waste crisis. Standard sized glass bottles could be returned for refilling with pickles, fruits, juice and wines. I spoke recently with a former Solicitor General of Canada, the Honourable Doug Lewis. He asked me why the LCBO doesn't take back their containers to refill them. He suggested that municipalities should tell the LCBO that if they want to have stores in their municipalities, they should take back their containers for reuse. It seems to make sense. Certainly some of the LCBO profits could go into developing sensible solutions. Mr Lewis is right, but municipalities need the support from the province to achieve this.

Currently, taxpayers pay to have pop bottles collected in their blue boxes whether they drink pop or not. When refillable pop bottles were available, the industry and the consumer shared the cost of collecting the bottles and refilling them. At one time, bottling plants provided jobs to people in communities across the province. Those plants and jobs disappeared when the pop industry chose to centralize their locations. Now they merely ship plastic bottles out and the taxpayers are responsible for cleanup.

Brewers Retail has been a good example of product stewardship. It makes more financial and environmental sense to reuse a bottle seven to 10 times over and then recycle it than to take a bottle and put it through a costly recycling system. But if taxpayers continue to pay the way for industry, there is no incentive for industry to change. Our government must set the rules for industry.

Deposit returns make sense for other items as well. Can you imagine if people received \$5 for every tire they returned? We wouldn't have the problem we do now with tires left in the countryside.

Programs can be developed to recover materials responsibly: computers, construction materials, appliances, mattresses. Municipalities depend on our province to set the standards. Municipalities work hard to provide diversion programs. In many cases, materials are collected with the promise of financial returns, but unfortunately that's not always the case. As materials pile up, municipalities are often desperate for space and may deliver goods without any financial return. Orillia collects film plastic for recycling, but the industry no longer accepts that material. Therefore our film plastics that we work hard to sort from our waste, that are being collected in our blue boxes, are now disposed of in our landfills.

**The Chair:** I'm afraid you've gone way over one more minute. Sorry, Ms Clune.

**Ms Clune:** I've just got another paragraph. **The Chair:** Just one paragraph, that's it.

Ms Clune: It's interesting to note that Uniplast, a company in Orillia that is a major producer of film plastics, recently expanded their plant, yet we can't find a market for film plastic. Producers must accept responsibility. One simple solution to the overabundance of film plastic would be a province-wide policy requiring stores to eliminate plastic bags. This is not unreasonable. Over the years, we've spent a huge amount of tax dollars looking for places to dispose of our waste or cleaning up after poor waste management practices: the city of Toronto's millions to look for a place to dump their trash hundreds of miles away; Simcoe county presently reconstructing a landfill, at a cost of \$15 million to taxpayers. These are only two examples of the back-ended solutions. Unless we start looking at front-end solutions, we'll continue to scramble at the back end, which will only cost taxpayers more.

Solutions to waste are fairly simple. It's not rocket science. To achieve success, we all need to work together. Our province needs to set the rules, industry needs to accept responsibility for their own products, and business and the public need to participate in municipal diversion programs that are provided.

**The Chair:** Thank you very much.

#### PACKAGING ASSOCIATION OF CANADA

**The Chair:** Our next presentation will be from the Packaging Association of Canada—an interesting juxtaposition.

Mr Larry Dworkin: My name is Larry Dworkin. I'm director of government relations for the Packaging Association of Canada. This was not going to be part of my remarks, but just so you do know, 60% of all packaging is used for the food industry in order to be able to deliver the product in a safe and healthy manner to the consumer. Having said that, now I would like to go on to my presentation.

Our industry, which employs about 65,000 people in Ontario, will obviously be impacted by any kind of levy or tax on packaging in Ontario. We had the opportunity last September to present our concerns to this committee with respect to Bill 90. Since then, of course, the bill has passed second reading and appears headed for passage, with possibly some minor adjustments.

As our organization stated last September, we support in principle the need for greater financial stability for municipal recycling programs. In fact, we have met with some key principals involved in the proposed Waste Diversion Organization about the role of the packaging manufacturing sector.

However, as we said then, as we have said to the WDO and as I will reiterate this afternoon, we are still concerned about the vagueness of the bill as to who pays, how it is to be paid and how much it will cost. To this end, we again strongly recommend that an economic cost impact analysis be undertaken by the government on affected industries prior to the implementation of the initiative. I don't expect things to be stopped, but it is something we think would be very beneficial.

I'd like to be a little bit more specific about our concerns. We have to take a big view of what's going to happen between now and over the next few years. We forecast, for example, that over the next two years energy costs are going to rise at least 20%, resulting in a 2% decline in per capita disposable consumer income. In other words, consumers will have 2% less income to spend on consumer goods. This will probably have a major impact on our sector.

It is possible that even an additional slight cost increase to consumers, based on a packaging tax or levy, could further exacerbate this problem. I stress the word "could." What is required is the development of an econometric model, utilizing various economic and behavioural inputs, to help determine the outcomes of this levy. By the way, the ministry of industry I believe would be more than willing to help put together a study along this line.

Our industry has clearly demonstrated its willingness to invest in environmental protection and conservation. To answer the question of the critic behind, we have spent hundreds of millions of dollars to reduce, reuse and recycle, but reduce and reuse were the first two priorities under the national packaging protocol.

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Our concern, however, is that our largest trading competitor, the United States, faces no such costs, so we in Ontario could find ourselves at a competitive disadvantage. Again, this may not happen, but at least an economic cost impact will help clear the air.

Our association has members in all material sectors involved in the manufacture of packaging. This includes plastics, glass, metal, paper, composite and wood. If the new packaging levy is weight-based, for example, it could in effect create an artificial trade barrier among the material groups. Products such as a non-beverage glass container could be placed at a major disadvantage, resulting in lower sales and jobs. While we appreciate the difficulty in finding a balanced funding solution—it is difficult, and I know everybody has wracked their brains about it—there could be substantive sector dislocation. I think that's a possibility.

We are also concerned that this bill does not follow the principles of the national packaging protocol, which advocated a process of shared responsibility among industry, consumers and government with regard to solid waste management. As the province's policy now stands, there is really no incentive for consumers to be environmentally responsible. Since industry and municipalities each pay 50% of the cost, there is nothing compelling consumers to increase the use of their blue boxes, for example. At least in many US municipalities, and in some Ontario communities, there are bag-tag programs which provide an incentive for greater consumer participation. In other words, if they are forced to pay for something, then they will probably be more environmentally aware of what should go into the garbage or what should go into a blue box and at least make sure that blue box material goes to the blue box and not out into the garbage.

I realize this bill does not address consumer participation, and I'm thinking maybe what is required down the road is a companion bill along this line. If you really want to reduce pressure on landfill, it seems essential that the consumer must be part of the solution, and this is only achievable through an economic incentive.

Think about it: when you and I go to the store—and I'm a consumer, as you are—when we purchase a product, we own it. I can't come into your house, walk to your fridge and take it out. It's called theft. But at the end of the day you expect industry to become responsible again for something that you or I own. Again, what I'm saying is that I think there is responsibility. We should look beyond and try to maximize as much as we can the efficiencies of the system we're trying to support here.

In conclusion, we hope this new initiative will not only strengthen the infrastructure to allow an increased amount of packaging material to be economically diverted from landfill but will also contain measures that will guarantee that municipalities act in the most responsible way to maximize efficiencies as well.

The Packaging Association of Canada, I reiterate, supports the effort of this committee and welcomes all

opportunities to contribute to the finalization of this legislation.

**The Chair:** Thank you very much for your comments. We appreciate your ongoing interest.

### CORPORATIONS SUPPORTING RECYCLING

**The Chair:** The next presentation will be from CSR: Corporations Supporting Recycling. Welcome to the committee.

**Mr Damian Bassett:** Thank you for hearing us this afternoon. My name is Damian Bassett and I am the president and CEO of CSR: Corporations Supporting Recycling.

CSR members include many of the largest manufacturers, brand owners and distributors of food and consumer products in Ontario and their packaging and packaging materials suppliers.

In addition to representing our member companies, I am also today speaking on behalf of the following: the Food and Consumer Products Manufacturers of Canada, the Canadian Council of Grocery Distributors, the Canadian Federation of Independent Grocers, the Canadian Consumer Specialty Products Association, the Canadian Paint and Coatings Association, Refreshments Canada, the Nonprescription Drug Manufacturers Association of Canada, and the Canadian Cosmetic, Toiletry and Fragrance Association.

Together, our members represent the significant majority of all packaging and household special waste materials that will be impacted by Bill 90. We wish to publicly reconfirm the position that we stated to this committee last fall: we strongly endorse this bill and we encourage your committee to recommend its adoption to the government of Ontario for passage this session.

The issue of who should pay for recycling and waste diversion programs in Ontario has been analyzed and debated for more than a decade. Some of my colleagues have commented that the Maple Leafs are likely to win the Stanley Cup before this issue gets resolved. Hopefully, we can have a parade for both activities in the next couple of weeks. It is time to move beyond talking about this problem to solving this problem.

Bill 90 itself is built upon the recommendations developed through a year-long, intensive debate throughout the voluntary WDO that included more than 120 of the most knowledgeable people in the province on this issue. Through the voluntary WDO program, we undertook wide-ranging consultation on these recommendations with municipalities, public interest groups and businesses.

The result of this exceptional effort is a ground-breaking piece of legislation based upon the fundamental principle of shared responsibility, which we believe will return Ontario to the forefront of recycling in Canada and internationally. We also believe it sets the framework for a sustainable and economically and environmentally responsible solution to waste management in Ontario.

Several key changes have been made to Bill 90 since this legislation was first drafted. First, a purpose statement has been added to the bill to specify that it is to provide for the development, implementation and operation of waste diversion programs. The number of nongovernmental employees that can be appointed directly by the minister has been increased to two. Language has been modified to clarify that industry payments will equal 50% of the total net costs incurred by municipalities for WDO programs. Blue box waste related to products sold by Brewers Retail Inc has effectively been exempted from the WDO program.

We believe the changes that have been made effectively address the key concerns raised by key stakeholders when this committee first reviewed the bill last fall. We urge you to recommend that the government of Ontario adopt this bill in its current form without further amendment.

We believe that other issues and concerns that have been raised with regard to Bill 90—including definitions of blue box waste, controlling the costs that will be incurred by the Ministry of the Environment and the WDO, the details of a consultation program that will be required of both the WDO and the industry funding organization, questions around implementation and timing, and, finally, advance notice for designating additional categories of waste—can all be addressed through the development of the regulations to follow after the passage of Bill 90 and through the operating agreements to be established among the Minister of the Environment, the Waste Diversion Organization and the various industry funding organizations.

Previous speakers have made some comments regarding levy systems and the unfairness of a weight-based system. I'd like to go on record for this committee and for the previous speakers as supporting that concept. The industry members we represent recognized early on that a simple formula based either on sales or on waste would be patently unfair. They have collectively committed to work as a group to design a funding formula that recognizes, in addition to weight, the recovery of the material in the system and the cost to handle such material in the system, and to design a slightly more complex funding formula that would be seen as fair and equitable to the brand owners who are ultimately responsible for paying the fee.

In order to address some of the questions municipalities are likely to have regarding how our industry sectors will respond, and as a demonstration of our commitment to making Bill 90 a success, we are able to make the following commitments today:

If the minister requests that the WDO establish an industry funding organization to address packaging and household special wastes, our industry sectors will work with all other obligated industries, including those in the printed paper sectors, to create a single, coordinated industry funding organization encompassing all these materials;

This IFO will be created and will submit its proposed program to the WDO no later than 90 days following the request of the WDO;

This program will be based upon a 50-50 cost-sharing formula for packaging and those components of household special wastes represented by the Canadian Consumer Specialty Products Association and the Canadian Paint and Coatings Association as per the recommendations set out in the voluntary WDO September 2000 report to the Minister of the Environment;

The industry funding organization will make initial payments to municipalities within 90 days of approval of the program by the Waste Diversion Organization and the Minister of the Environment;

The program of the industry funding organization will allow for exemption or a minimal compliance cost structure for small businesses, in the interests of minimizing total industry compliance costs.

Bill 90 presents significant challenges for each of our industry sectors, as it will for other obligated industries. Nonetheless, our industries are prepared to get on with the task at hand and do our fair share in maintaining economically efficient, environmentally sustainable recycling and waste diversion programs in Ontario.

The Chair: Thank you very much for your presentation.

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## CANADIAN CONSUMER SPECIALTY PRODUCTS ASSOCIATION

**The Chair:** Our next presenter will be from the Canadian Consumer Specialty Products Association. Good afternoon, and welcome to the committee.

Mr Stephen Rathlou: My name is Stephen Rathlou, and I'm here today representing the Canadian Consumer Specialty Products Association. I have to struggle with that name because we just recently changed it. I'm also manager, regulatory affairs, for SC Johnson and Son, a member of the association with manufacturing facilities in Brantford, Ontario.

Our association, formerly known as the Canadian Manufacturers of Chemical Specialties, was one of the original signatories of the memorandum of understanding which created the voluntary Waste Diversion Organization. I was also a member of the household special waste working group of the WDO, which included both municipal and industry representatives. This committee worked long and hard to achieve a consensus on how to manage HSW in Ontario, and these recommendations were forwarded to the Minister of the Environment in September 2000.

CCSPA represents over 50 companies directly employing over 11,000 people. Our members include many of the largest manufacturers, brand owners and distributors of household products in Canada, most of which have significant operations in Ontario. The goods produced by these companies are familiar to you all. They're in your supermarket and in your kitchens, bathrooms,

laundry rooms and garages. They include personal care products, household cleaners, laundry products, insect repellents, disinfectants, camping fuels, windshield washer liquids and many more. Most of these products come in packages made from steel, aluminum, glass, paper or plastic, many of which are already recycled. The leftovers of a few of these products should be disposed of through household special waste programs when householders can't use them up.

Most of our association members will be contributing through Waste Diversion Ontario to the management of consumer packaging, and some will also be supporting the sustainable management of household special waste or HSW.

Our association requested this opportunity to appear before you to confirm and demonstrate our support for the goals and objectives of Bill 90 and to urge your committee to recommend its adoption by the government of Ontario.

We fully endorse the comments and recommendations that come from the CSR's impressive expertise in blue box waste, and I know I could only echo Mr Bassett's remarks today. Instead, we would like to use this time to focus our remarks on the management of HSW under Bill 90.

HSW is that fraction of municipal waste that requires special management because it presents special risks to the environment or to municipal workers. In total, this material represents less than 1% of the municipal waste stream.

Why do we support Bill 90? We believe Bill 90 will set the framework for a sustainable and economically and environmentally responsible solution to the management of all domestic solid waste in Ontario. In particular, we consider that Bill 90 has the potential to deliver muchneeded rationalization and harmonization to the management of HSW.

We're convinced that the most efficient way to manage HSW in Ontario is through the existing municipal waste management system. The municipal sector has the experience, facilities and ongoing programs dedicated to that purpose.

Recently, financial support has been a limiting factor for delivery of these programs. This can be corrected under the WDO program, using the same approach outlined for blue box waste, with industry funding on a 50-50 cost-sharing basis with the municipal sector.

Unlike blue box waste, the primary concern for managing HSW is not simply to maximize recovery of these materials. Rather our efforts will need to be broadened to reduce the generation of HSW that needs management. This will require public and consumer education as well as a clear and careful definition of which products constitute HSW. This will ensure that only those materials that truly require special care are managed through HSW facilities and that we can influence the behaviours of both consumers and manufacturers. These are issues that we look forward to addressing through the permanent WDO to be created under Bill 90.

We are committed to the sustainable funding of HSW programs. Once HSW materials are designated by the WDO, we expect to deliver on this commitment by participating in the development of a single industry funding organization representing packaging, printed paper and HSW materials, through which financial and technical support will be provided to municipalities; providing financial support based on a 50-50 cost-sharing formula with municipalities for packaging and HSW, as recommended in the September 2000 WDO report presented to the Minister of the Environment; and developing a funding formula for HSW management that will allow for exemption or minimal compliance cost structure for small businesses, in the interests of minimizing total industry compliance costs.

Finally, we wish to re-emphasize the commitment of our industry sector to the funding of blue box programs by endorsing the statement made earlier by Mr Bassett.

Thank you for the opportunity to make this presentation and for your attention. If you have any questions, I'd be glad to take them.

The Chair: We'll have to do it after the meeting adjourns, but thank you very much. I appreciate your work on the WDO as well.

### MUNICIPAL WASTE INTEGRATION NETWORK

**The Chair:** Our next presentation will be from the Municipal Waste Integration Network.

Just in case anyone in the room wasn't here when we started, we're a little tight for time, so we're taking a minute or two off each presentation. I apologize, but hopefully you'll be able to get all your thoughts on the record.

Good afternoon, and welcome to the committee.

Mr Todd Pepper: Good afternoon, Chairman Gilchrist and members. My name is Todd Pepper, and I'm here as president of the Municipal Waste Integration Network or MWIN. MWIN was formed five years ago to be the voice and resource for municipal waste minimization and management in the province. Our members are primarily the administrative and policy staff of Ontario's municipalities, who, together with our respective councils and with our colleagues in the Association of Municipal Recycling Coordinators, design and deliver Ontario's municipal waste reduction, reuse, recycling and composting programs. For example, in my day job I'm general manager of the Essex-Windsor Solid Waste Authority and manage the waste management system for the city of Windsor and the county of Essex in the southwest corner of this great province.

The standing committee on general government very kindly offered MWIN an opportunity to speak to you last September, after the first reading of Bill 90. We are very pleased that the committee and the Legislature heard our comments and amended the bill to take our comments into consideration.

The bill you have before you today represents the comments we made, and we are pleased with the bill as it currently is before you. The membership of MWIN wholeheartedly supports the bill as it is currently drafted. We encourage all parties in the Legislature to support the bill and give the bill third reading as soon as possible.

In 2001, Ontario's municipalities sole-funded the blue box and blue bag programs and collectively incurred a deficit—that is, the difference between the cost of delivering the program and the amount of money we were able to receive in selling the materials collected in our blue box and blue bag programs—of \$65 million. While the current revenue picture is looking rosier, with material revenues up slightly, municipalities still expect to incur a \$50-million deficit this year for operating the blue box and blue bag programs. The passage of Bill 90 will result in industry funding to municipalities, both directly and indirectly, for 50% of that deficit or, if it was based on this year, \$25 million. Ontario's municipalities desperately need this money if there is to be any advancement in waste diversion activity in this province.

In the next four months, municipalities will start to prepare their 2003 budgets. The early passage of this bill will ensure that the next steps set out in the bill, as previous speakers have referred to, are taken in time to ensure that municipalities are in a position to receive funding for their 2003 fiscal year.

Finally, we encourage the committee to encourage the Minister of Environment and Energy to immediately designate not only blue box and blue bag materials in the regulations that will follow passage of the bill, but that the minister also designate—and you heard this from the previous speaker—household chemical wastes or household hazardous wastes immediately upon passage of the bill.

Municipalities and industry, as the previous speaker has indicated, have worked co-operatively on that file and developed a 50% funding formula for sharing the net costs of municipally delivered household special waste collection and disposal programs. The designation of household special wastes by the minister will also ensure that municipalities receive funding for those programs in fiscal 2003.

We appreciate your time today, and we look forward to the early passage of Bill 90.

**The Chair:** Thank you very much for your comments and for your ongoing involvement in this important issue.

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### ASSOCIATION OF MUNICIPALITIES OF ONTARIO

**The Chair:** Our next presentation will be from the Association of Municipalities of Ontario. Good afternoon, Ann.

Ms Ann Mulvale: Good afternoon, Mr Chairman and members of committee. As president of the Association of Municipalities of Ontario, I am pleased to be able to spend a bit of time with you again on Bill 90, the Waste Diversion Act.

As you may know, AMO represents almost all of Ontario's 447 municipal governments, which in turn means we represent those that serve almost 96% of Ontario's population. So as I appear before you, you should not just be hearing one voice but many municipal voices.

We appeared before you following first reading of Bill 90. We made a further number of comments at that time, and there are a couple that I would like to reiterate today.

As I expect you know, industry and the municipal sector have tried on several occasions under previous governments to develop an industry-based funding model. After a number of tries over more than a decade, the two parties—the municipal sector and industry—finally brokered a mutually acceptable framework through the interim Waste Diversion Organization.

Bill 90 contains many of the recommendations that came from the interim Waste Diversion Organization. The industry and municipal representatives worked hard to build a framework that would work for the respective parties. So it was a bit disappointing when the two parties most affected did not see the Legislature pass this bill during the last session, after this committee's original work on the bill.

For municipal governments, the delay in the bill's passage has meant further delays in funding to help offset our waste diversion program costs. The costs for the blue box, hazardous waste depots and other waste programs have been totally absorbed by the property taxpayer without any help from anyone for far too long.

At the time of this committee's previous consideration of this bill, we asked for some changes to clarify the bill, and we did get those amendments. I am here to tell you that this bill, as amended, is a solid framework based on common ground among the key players. Frankly, if this bill does not get passed and implemented soon, municipal governments will see yet another budget year pass by without financial assistance.

You have heard from the Municipal Waste Integration Network about some of these financial challenges, so I am not going to repeat them. But what I want you to know is that last year some municipal waste diversion programs were in jeopardy. In fact, we heard that a waste depot in northwestern Ontario had to close because there was a significant funding problem at the municipal level. We cannot afford to see this or other waste diversion programs end.

You have heard before from AMO and others of the importance of this bill and what it will mean for municipal governments. There is a lot of pressure on municipal government revenue sources and required expenditures. So this source of assistance is very important, as municipal governments try to fund services to our communities, to support the health and safety of our citizens and our environment.

Our common taxpayer expects us to deal with policy and program needs, not to waffle and point fingers at each other, but rather to find consensus and build compromise. This bill is representative of that kind of endeavour

We have made great progress with the industry on this waste diversion framework. We know that we have to make greater progress on organic waste, as it represents 30% to 40% of the municipal solid waste stream. But this is more difficult to bring back to the producer of the waste. Therefore, we hope the provincial government would be open to helping fund the establishment and expansion of organic diversion programs. Such a province-wide municipal program is expected to cost nearly \$50 million, but we feel we could develop a program that begins this work, which is critical to getting us to the overall provincial waste diversion target of 50%.

AMO has been saying that once this bill is in effect, the two waste streams, blue box and household hazardous waste, be designated immediately so that the financial support of the industry can flow quickly. While this bill has been awaiting the return of the House, industry and municipal governments have continued to work on the mechanics of the related funding formulas.

But there is no doubt that municipalities are watching what is happening to this bill. On their behalf, I ask you to get this bill into the Legislature quickly and that all political parties make this happen. Let municipalities and the industry begin to work under its framework. Let us continue the good work and commitment that both the industry and municipal sector put into many parts of this Waste Diversion Act.

A final comment: I am confident that the Minister of the Environment's work in formulating the regulations to implement the act will continue to involve us. This is groundbreaking legislation and goes a significant distance to sustainable waste diversion in Ontario.

Thank you for the time.

The Chair: Thank you very much, Ms Mulvale. We appreciate your kind comments. Sometimes committees do get things right. I can assure you it wasn't the choice of the committee that the bill did not pass out of the House, but I'm sure after this round, we won't be doing any more talking; we'll be doing more voting.

**Ms Mulvale:** We wait with anticipation, sir.

**The Chair:** Thank you for coming before us here today.

#### WARREN BRUBACHER

**The Chair:** Our next presenter is Mr Warren Brubacher. Just to remind you, we've got seven minutes for your presentation here today.

**Mr Warren Brubacher:** Thank you very much for giving me the opportunity to come here today.

Ms Churley: You don't have to lean right into that, by the way. It'll pick up.

**Mr Brubacher:** Thank you. I had the opportunity to speak on this before, and I appreciated that. My feelings toward it have not changed. I believe Bill 90 is the wrong way to go. One only has to walk down the city streets of Toronto on a windy day when it's recycling pickup day. The streets are basically covered in garbage. There are

plastic bottles blowing up and down the street. It's an absolute mess. To me, putting more money into Bill 90 and trying to build up the blue box is not really the right way to go.

Also, I don't see any really creative ideas in it. I brought along three ideas which would really help out. In Milwaukee, they have recycling depots that are open 24 hours a day, seven days a week, for people to bring in their recycling. Also, in Montreal, Quebec, they've just started a new service called the "toxic taxi." People who don't have cars and only have public transportation can pick up the phone and somebody's going to come over to their home and pick up their toxic materials.

**The Chair:** Actually, Mr Brubacher, they're very sensitive mikes. Perhaps you could actually lean back. Hansard is having trouble recording you there.

**Mr Brubacher:** OK, sorry.

**The Chair:** I'm sure you want your comments to remain on the record here.

**Mr Brubacher:** OK, thank you, sir. There are also construction recycling facilities where they can recycle all the construction. Twenty per cent of waste is wood. I think Bill 90 is not the way to go. What I suggest is that regulation 27/96 should be totally repealed and a state-of-the-art bottle return system should be brought in.

I picked this up off the Web. The state of Hawaii has just brought in bottle returns. It says here that on average, 75,000 bottles and cans are thrown away every hour in Hawaii. "This bill creates incentives for consumers to recycle." There's a list of 10 reasons. I picked three: encourage the habit of recycling; less resource waste; and eliminate container litter from Hawaii's environment.

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What you can do is what they are doing in New York City. Mayor Bloomberg in New York City wants to cancel all recycling. The city council of New York City has come up with—and I found this on the Web over the weekend—an independent recycling authority. Its mission is to increase the rate and efficiency of recycling as well. This authority will work alongside the New York City Department of Sanitation to expand and monitor all recycling efforts. This is paid for by the bottle return. This money is not wasted. It has been said that bottle returns are taxed—all kinds of lies about bottle returns. But basically all it is is to make it work. To me, if you could integrate some of these ideas into Bill 90, this would be really good.

The state of Hawaii went through two long years of battling to get this. Now they have it, and once a state or province gets bottle return, they don't lose it; it's there. I think Ontario wants to be progressive. The citizens say it and our municipalities want it. I think it's time that we listened to the people. One of the main reasons—this is my last point—is broken glass, bottles and everything all over the place. Little kids step in it and they get cut. That's one of the main reasons that Hawaii did it. Next time you go on a trip to Hawaii, you'll be able to get five cents back for your bottles.

I appreciate your time.

**The Chair:** Thank you very much for your comments, Mr Brubacher. We appreciate your return visit.

#### PAPER AND PAPERBOARD PACKAGING ENVIRONMENTAL COUNCIL

**The Chair:** Our next presentation will be from the Paper and Paperboard Packaging Environmental Council.

**Mr John Mullinder:** Thank you, Mr Chairman. The submission is inside the literature you've already received or are about to receive.

We made an earlier submission on August 21, 2001, and I would refer you to that for further details.

However, in this short submission—and I heard the sigh of relief that I'm the last speaker—I would like to touch on some salient points.

First, PPEC is the national association for the paper packaging industry on environmental issues. We represent packaging mills and packaging converters across the country and represented the industry on the National Task Force on Packaging.

Second, paper recycling is a major industry in Ontario, and the blue box is an important component of that, supplying some 20% of the mills' feedstock. The blue box itself is 75% paper material—old newspapers, old boxes, cartons, fine paper etc—making the blue box essentially a residential paper recovery system.

Third, the paper industry has invested millions of dollars to be able to handle this material, whether through de-inking, cleaning systems or screening systems. We have major capital assets committed and are here for the long run.

Fourth, the paper industry is the major revenue source for the blue box, paying Ontario municipalities roughly \$35 million for used paper materials in 1999, almost 60% of total blue box revenues.

So we think we're important enough to be fully represented on the WDO board of directors, not partially represented through observer status. We are not fully represented, nor are any end market interests.

This is important, because the paper industry has a strong commercial connection to the blue box—the words used in subsection 29(2) to define "stewards."

We are told that "stewards" will be further defined to mean newspaper publishers and/or packaging brand owners or retailers. That doesn't give us a lot of comfort either, since these players do not always pass costs on to the consumer, but rather backwards to their suppliers. There are echoes of Boston here: if we are going to be taxed, we want to be represented.

The method of taxation or levying is of great concern to us. We do not believe in averaging costs over different packaging materials because we, the paper sector, will end up cross-subsidizing our plastic and glass competitors. Nor do we believe in the arbitrary allocation of weight or volume to assign costs to different materials.

These are major issues for us, yet to be regulated, and we don't even know if we're going to have full board representation on a proposed blue box industry funding organization or not.

This brings me to my final point. We are pleased to see that the WDO will now monitor the effectiveness and efficiency—a new word in clause 4(a)—of waste diversion programs. Efficiency has long been a concern of ours, since Ontario now has some 63 materials recovery facilities, when really we need only 20, plus a series of transfer stations. These unnecessary MRFs, public and private, obviously have a major bearing on blue box net operating costs. But there's no linkage between the WDO monitoring efficiencies, clause 4(a), and industry payments to municipalities, the blue box clause, subsection 24(5). Why not directly link efficiency to payment in 24(5)? It should be made abundantly clear that payment depends on efficiency, not payment as of right. There should be a linkage. There's an opportunity here to avoid the writing of blank cheques.

In summary, we understand why Bill 90 was brought forward and we give it qualified support. Our preferred option, however, is not the creation of an industry funding organization specifically for blue box, mainly paper, materials. Tires, paint and used oil are not our issues. We appreciate that they are the government's.

Where blue box paper materials are involved, we would prefer instead that municipalities negotiate directly with the appropriate paper end markets. Long-term contracts are favoured, since they provide some stability in international commodity pricing. This is important because paper materials supply some 60% of total blue box revenues and are the key to its economic viability.

Thank you.

**The Chair:** Thank you very much for your presentation.

We had one person who had been told she could speak only if we had time. Is Susan Antler with us today? She is not.

You've all done an extraordinarily good job of respecting the predicament we found ourselves under, so I'm going to take the unusual step of inviting the members of the committee—I'll give four minutes to each caucus—if there are any other presenters that are still here that you'd like to ask a question of, I would be pleased to entertain that now.

Mr Mike Colle (Eglinton-Lawrence): Thank you, Mr Chairman. There are so many very, very valuable submissions.

One of the submissions that struck me was the one from the Beer Store, the one considering the double standard that exists in the way empties are treated for beer and how LCBO products are treated. It's written in your presentation that the LCBO is under no obligation, it seems, to follow basic recycling for their products, yet the Beer Store is. What rationale has the government given you for allowing this double standard for LCBO products, especially in light of the fact that I've noticed there's an increasing amount of beer being sold in LCBO outlets? That seems to be a growing part of the market. What rationale or what reasons has the government given you for the LCBO basically being allowed to continue with that lack of refund deposits?

Mr Valiante: We had some discussions a while back with the LCBO. The LCBO has a chairman and a board and it operates to some extent, aside from its allocation of revenue back to the consolidated revenue fund, somewhat autonomously. We've raised it with government. Certainly this presentation wasn't the first time we've brought it to the government's attention, and I think it has received due consideration. No one has said, "No, this is never going to happen."

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**Mr Colle:** But this legislation doesn't in essence require them to follow the return of wine bottles or beer bottles.

Mr Valiante: If I understand this legislation correctly, it sets a framework for setting up stewardship programs. It's my understanding that for a crown corporation you wouldn't need to write a regulation. It's simply a ministerial directive to the chair of the LCBO to implement that, and therefore there wouldn't be any requirement to amend this bill or the subsequent act.

**Mr Colle:** But what I'm saying is that this bill in essence doesn't change the status quo as far as the double standard is right now.

**Mr Valiante:** No, and that's why I've come here to make the proposal that this may be something that we think would be worthy to undertake as the bill is enacted.

**Mr Colle:** The thing that struck me was that last week I received mammoth booklets from the LCBO. They were the most lavish productions of wines and specialty drinks. Talk about the need to recycle or creating waste—three of them came to my office here at Queen's Park. This makes me think even more about the fact that maybe the LCBO has to be looked at and challenged.

Again, I thank you for bringing this to our attention. I might follow up on this.

**The Chair:** I had said I would divide the time by group. Ms Churley, were you indicating that you had a question?

**Ms Churley:** No, I have a question for another—

**The Chair:** OK. Just before you go, though, I believe Mr Dunlop indicated he had a question to the brewers.

**Mr Garfield Dunlop (Simcoe North):** Yes. Thank you for the book that you gave us.

I've been involved in municipal politics for, including my provincial time, almost 22 years. We've been talking about it for 22 years, the recycling of bottles. Can you name me any other North American jurisdictions that recycle liquor bottles and wine bottles?

**Ms Churley:** Everybody's saying "recycle"—

**Mr Dunlop:** Yes, I'm sorry; refill, like we would beer bottles.

Mr Valiante: Virtually every jurisdiction collects at curbside programs, but there are jurisdictions that have deposit-refund systems whereby the containers are recovered through a deposit system and then refilled and/or recycled. In Europe, refilling of wine containers is a fairly common practice. In British Columbia, a lot of the wine containers that are recovered are remarketed. A bit of an issue arose in that the you-vint industry was getting

bottles quite cheaply and the liquor board then started crushing them to prevent them from getting them. There are competitive issues that arise from the fact that you are recovering these containers.

Seven provinces in Canada do recover them under deposit: British Columbia, Alberta, Prince Edward Island, Nova Scotia, New Brunswick, and I think Quebec is another one that does it. So it's a fairly commonplace practice.

**Mr Dunlop:** So what happens to the containers that are imported from European countries, where they're actually bottled in Europe?

Mr Valiante: It's the same as the Beer Store. Heineken is bottled in Europe; Corona is bottled in Mexico. The bottles come here, they're recovered, they're crushed, they're colour-separated so you don't get brown mixing with green and green with clear, so you can get a reasonable revenue for those crushed containers. We have a fee structure within the Beer Store that is administered to all brewers on a rate sheet for handling those containers, and it's a public document. If anybody wants it, I can send it to you. So the refillable containers get refilled and the recyclable ones get recycled, and they get marketed. The cans are the same sort of thing: they get recycled.

This issue that the LCBO raises of sending containers back to Europe is a bit of red herring. Immediately people react, "Oh, no, you can't do that." That's not the point of this. If you talk to small vintners in Ontario, they'll tell you that a lot of the containers that are being sold in the LCBO—for instance, Italian wines that come in a very expensive bottle, and they're actually having to order bottles from Milan and have them sent to Ontario. Why not recover these bottles and just let the free market operate: recover these bottles, let a bottle-washing operation start up—certainly every small brewery in Ontario is washing bottles; this could be an additional business– and sell those bottles. I mean, some of them are worth up to \$1 apiece, so you're paying \$12 a case for bottles. It could be quite a lucrative business. I know there were a couple of ventures in the last few years that tried it, but we just can't get unbroken high-quality bottles through the curbside program.

**The Chair:** Ms Churley, do you have anyone you'd like to question?

**Ms** Churley: I do. I'd like to have Mr Perks come, because I did want to ask some specific questions around his suggestions and this bill before us.

I think it goes without saying that there's some urgency, particularly from the municipalities. You heard Ann Mulvale once again pressuring us to move this along very quickly. I think it's safe to say that the bill is probably going to pass. I do take responsibility for having held it up. I wanted to get it back to committee because I have some serious concerns about the bill as it's now written.

What I wanted to ask you is this. I shall be trying to put in some new amendments on Wednesday, in the short time that we have allocated. But you were talking about the fact that the minister now has the ability to do, I believe you said, all of the things that are within this bill and more. Is that what you were saying?

Mr Perks: Yes. The Environmental Protection Act, specifically the section that lays out what regulatory powers are available to the province, contains in it abilities to direct municipalities to do certain things for waste management programs, to direct people who manufacture or market products and packages to do certain things. All of the plans that Bill 90 envisions could be done under those. They could then be either developed jointly or independently by the minister and/or the firms involved. All of that is already spelled out in the Environmental Protection Act.

Ms Churley: So my question would be, if this bill goes ahead as is, with the changes that have been made since first reading and committee hearings, should it go ahead without the amendments I will be making on Wednesday, which will once again attempt to improve the bill and deal with some of our concerns? Would it impede somehow the passing of this bill, the ability for us to continue to pressure the government through the ministry to make those changes in-house? My concern is that if it goes through as is and the municipalities have some comfort that at least there's a program up and running, because there hasn't been anything since 1995, will we still be able to continue, or will it somehow impede that movement to make improvements?

Mr Perks: I have several specific concerns with the way the bill is constructed that I think will actually lessen the ability of the province of Ontario to assist municipalities. First of all, the bill as it is written does not allow the minister to develop a plan or even to amend a plan brought by the IFO, the industry funding organization. The only abilities given to the minister are either to accept or return the plan. So the minister can't alter the plan. That's one.

The second one is that once an industry funding organization is established and approved and so on, I would imagine the negotiations, the dispute settlement, all of those powers fall to the Waste Diversion Organization board of directors, where the province of Ontario only has one seat as an observer, a non-voting seat. In other words, the power of the province of Ontario to increase the amount that has to be provided to municipalities, to move the funding faster, to change it as new product types come on the market and so on, would suddenly rest with this appointed board where the government has no power.

The example was given a moment ago of the LCBO. My concern is that if the LCBO is included with the blue box industry funding organization, a shared model with different materials cross-subsidizing each other, and gets approved as an industry funding organization, is approved by the WDO board, handed to the minister and the minister looks at it and says, "This doesn't meet our goals in terms of what we'd like to do with glass," but has no ability to amend it or to single out the LCBO as something that they want to do—and several of the parties on the board of the WDO actually have intervened on many past occasions to prevent the LCBO from going

to a deposit-return system. The city of Toronto developed a bylaw that would have put LCBO bottles on a deposit-return system. Corporations Supporting Recycling, who will have the largest voting bloc, ran ads in Toronto newspapers, went down and lobbied Toronto city councillors and did everything they could to prevent the LCBO from being on a deposit-return system.

**Ms Churley:** Because that would take away some of the funding?

Mr Perks: No, I don't believe it's because it would take away some of the funding. I think their interest is to make sure that the precedent for refillable and deposit-bearing beverage containers does not spread. The most powerful members of the CSR are the soft drink industry and the aluminum industry, which have a very specific interest in making sure that deposit-return and refillables don't spread because that would cause them to have to bear the full cost, not just 50% of the cost, of managing those containers.

Ms Churley: So then— The Chair: Very briefly.

**Ms Churley:** Very briefly—this bill could require an amendment that this body could not supersede the minister's ability to step in. I believe I made an amendment to that earlier, but a stronger amendment that allows the minister to still have—

Mr Perks: The specific recommendation I made—and because of the short amount of time I was forced to do it without being able to consult with counsel—would be an amendment that states that the powers described in section 176.1 of the Environmental Protection Act are in no way undermined by this bill. I would have to speak to a lawyer to get specific wording.

**Ms Churley:** That's helpful. I'll put forth such an amendment and maybe that can help us with this particular issue. Thank you.

**The Chair:** Mr McDonald, you indicated you had a question as well?

**Mr McDonald:** Actually my question is for Ms Mulvale from AMO.

**The Chair:** She left. Are there any other representatives from AMO with us here today?

**Mr Pepper:** I have appeared on behalf of AMO before. We have mutual interests, so I will attempt to answer the question.

**The Chair:** That would be fine.

Mr McDonald: AMO represents nearly all the municipalities in Ontario. Given my experience and the pressures municipal councils face in funding different programs, would you say that most municipalities support Bill 90? Would you say it's almost unanimous that they would support this bill?

Mr Pepper: You've really heard from all three municipal organizations today. You've heard from the political organization, which is AMO. You've heard from the senior administrative and policy group, which is MWIN. You've heard from the operating group, the Association of Municipal Recycling Coordinators. You've heard from all of us and we all say the same

thing. We support the bill as it's amended. We ask you to pass it.

The Chair: With that, considering we have a vote in a couple of minutes, I want to thank very much everyone who took the time to make a presentation and come out

to the committee today. We will be deliberating and giving clause-by-clause consideration this Wednesday.

With that, the committee stands adjourned until 3:30 Wednesday.

The committee adjourned at 1744.

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