City of Richmond

Report to Committee

to Public Works & Transportation – Nov. 19, 2

To:	Public Works and Transportation Committee	**Date:**	November 7, 2003
From:	Suzanne Bycraft Manager, Emergency & Environmental Programs	**File:**	6370-01
Re:	**Industry Product Stewardship**		

Staff Recommendation

1. That a letter be written to the Premier, the Minister of Agriculture, Food and Fisheries, the Minister of State for Deregulation, the Union of BC Municipalities and the BC Dairy Council advising of Council's position that the B.C. Dairy Council's proposal for a 'top-up payment' program is not supported, and that milk containers be included in the deposit-refund system, and that such program be implemented as soon as possible.

2. That a letter be written to the Minister of the Environment, the Minister of Natural Resources Canada, the Minister of Water, Land and Air Protection, the Federation of Canadian Municipalities, the Union of BC Municipalities and Electronics Product Stewardship Canada advising of Council's position that an industry product stewardship program be developed as quickly as possible for managing electronic waste (e-waste), whereby industry assumes full responsibility for all aspects of e-waste, including establishing collection, recycling, transportation and disposal methods, and that such program be undertaken in accordance with the Basel Convention.

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Staff Report

Origin

The B.C. Dairy Council is lobbying local governments and provincial ministries to collect milk containers as a part of municipal collection systems, with a top-up payment provided to municipalities. The Dairy Council's proposal would preclude having milk containers fall under the provincial beverage container deposit/refund system.

In addition, Electronics Product Stewardship Canada (EPS Canada) is developing a proposed national electronics stewardship program. While a concerted and commendable effort has been made by EPS Canada in this regard, their proposal is based on 'shared responsibility', whereby they propose that local governments assume responsibility for collection of e-waste, and industry recycles, processes and disposes of these wastes.

Elements of these proposals are contrary to the industry product stewardship principle currently practiced in British Columbia. The current approach requires industry to accept full responsibility for all aspects of managing their products. Examples of this are the beverage container deposit/refund system, the paint stewardship program, lubricating oil, tires, lead-acid batteries, and flammable solvents/pesticides, etc. Under all these programs, which promote the 'user-pay' concept, industry has been required to establish methods to collect, recycle, process, transport and dispose of these wastes.

To maintain the integrity of the industry product stewardship principle in British Columbia and ensure that industry assumes full responsibility for the products they produce, this report recommends that Council convey its support for full industry product stewardship for milk containers and e-waste.

Analysis

Dairy Council Proposal

The Dairy Council is proposing municipal collection systems be used as an alternative to the deposit/refund system for milk containers. Instead, the Dairy Council would offer to pay local governments 'top-up payments' intended to cover some of the differences between collection and processing costs, and revenues received from the sale of collected materials. This would represent a more cost-effective approach for industry and could also be considered more convenient for residents to recycle when compared with returning items to depots for refund. The Dairy Council is lobbying the Ministry of Water, Land and Air Protection, the Ministry of Agriculture, and the Ministry of State for Deregulation for approval of this program.

A review of the Dairy Council's proposal indicates that the amount they are proposing to pay municipalities for collection falls considerably short of what municipal costs were calculated at in one pilot community. The results showed that even after the Dairy Council payment was received, the municipal costs were $80.00 per tonne for plastic jugs and $956.00 per tonne for polycoat cartons. In addition, the Dairy Council's proposal falsely assumes that municipalities receive full market value for plastics, which is not the case due to co-mingling of our recycling materials and sorting/processing needs.

Regardless of either of these points, the Dairy Council's proposal has numerous disadvantages, key among them being that municipalities would be accepting responsibility for collection in return for a partial payment – this is contrary to existing practice in British Columbia. Currently, collection responsibility falls squarely and completely on the shoulders of industry. Other disadvantages include:

- **Establish A Precedent**

  A precedent would be set whereby waste management responsibilities would be shifted to general taxpayers as opposed to producers and consumers. Other stewardship agencies would, in turn, seek a similar model based on the requirement for a level playing field.

- **Lost Incentives for Improved Practices**

  There would be lost incentive for industry to design packaging/products in an environmentally-sound manner.

- **Reduced Recovery Rates**

  Recovery rates in municipal recycling programs are lower than that of deposit/refund programs as there is a lost financial incentive for consumers to recycle.

Other key points which support the expanded deposit/refund system are public support and litter reduction. A 1998 study by Angus Reid found that 96% of British Columbians support the deposit program because it gives people a financial incentive to recycle. This incentive has the added benefit of reducing litter. In fact, litter reduction was the driving impetus behind the initial introduction of deposit/refund programs.

After considering the advantages and disadvantages of the Dairy Council's proposal, staff are recommending that Council not lend its support to this proposed alternative, and instead support the inclusion of milk containers in the deposit-refund system. This position should be conveyed to the appropriate provincial government agencies, UBCM and the BC Dairy Council. Staff also recommend that the provincial government be encouraged to implement the deposit-refund program for milk containers in a timely fashion to foster increased recycling efforts.

Electronic Waste

The technological age has brought along with it a whole new category of wastes to be managed -- e.g. electronic waste or "E-waste". The number of Canadian households with computers rose from 45% in 1998 to 55% in 2000. This growth in computer use, coupled with the fact that personal computers have a lifespan of 2 – 6 years, can only mean that the amount of e-waste disposed each year will continue to grow. A 2001 GVRD study indicated that per capita disposal of small appliances nearly quadrupled in the last 3 years, and of this, over 9,500 tonnes was computer equipment. Nationally, more than 140,000 tonnes of computer equipment, phones, televisions, stereos and small home appliances are estimated to be disposed in Canadian landfills each year. This is equivalent to the weight of 28,000 adult African elephants.

Computers contain hazardous items such as lead, cadmium, mercury, as well as valuable resources such as aluminum and copper. The City's Advisory Committee on the Environment

(ACE) has identified e-waste as an important environmental issue of concern. Currently, re-use and recycle options are limited. Internally, the City re-uses old computers as much as possible. For example, a number of old computers were re-used in "Internet Café's" at City facilities. Computers not re-used by the City are sent to auction. There are a small number of defective monitors, keyboards, and related equipment that is disposed by the City. Information Technology staff will be working with equipment manufacturers with the goal of establishing a 'take back' program for these items.

Residents can sell e-waste through consignment or donate to local charities. Other options include one-off events, such as the A&B Sound "E-Cycle Day" which was held at stores in the Lower Mainland on April 21, 2002 -- over 30 tonnes of electronic equipment was collected. Dropping off at local recyclers is a questionable practise due to concern with exporting this material to areas where practices are not regulated and may pose significant environmental and health concerns. For example, China has banned all e-waste imports. Internationally, Canada is a party to the Basel Convention on the Control of Transboundary Movement of Hazardous Wastes and their disposal. The goal of the Basel Convention is to control the exports of hazardous waste in order to prevent them from being exported to countries that may not have the capacity to manage them in an environmentally-sound manner. Parties to the Basel Convention have agreed on the need to address this emerging issue. At the most recent conference of the parties in December, 2002, Canada strongly supported the decision to include electronic scrap as a priority for environmentally sound management projects.

Recognizing the sporadic and limited opportunities currently available for e-waste, the Canadian electronics industry has formed a national stewardship agency called "Electronics Product Stewardship Canada" (EPS Canada). EPS has undertaken a very transparent and consultative process to develop solutions to address e-waste. Their proposal is to initially target personal computers, laptops, printers and televisions. Visible environmental handling charges would be charged to consumers at the time of sale. Fees currently proposed are monitor: $12, CPU: $8, laptop: $2, printer: $7, television: $25.

There are many positive aspects to the EPS proposal:

- it focuses on removing products containing the most toxic materials and allows room for further expansion,
- it allows for flexibility across regions for program delivery,
- it considers local re-use options such as charities,
- it addresses the issue of historic and orphan wastes,
- it sets high standards for environmental management by ensuring the waste is managed in locations that have environmental and health protection laws acceptable to Canada

The one area of concern with their proposal, however, is the "shared responsibility" principle. Their proposal is based on the premise that local, provincial and federal governments should be responsible for using the existing waste management infrastructure for collection of E-waste.

What this means is that local governments would assume responsibility for collecting these materials, and industry would pick up e-waste from 'consolidation centres' and process it accordingly. Again, the concern with this approach is that the general taxpayers would assume waste collection responsibilities for industry-generated wastes. This is directly contrary to the product stewardship principle in British Columbia whereby industry assumes full responsibility for their products and further, promotes environmentally-responsible product/packaging design.

Our current understanding is that the provincial government does not intend to require municipalities to collect e-waste. Nevertheless, it is worthwhile to state the City's position that management of all aspects of e-waste is industry's responsibility. This position should be conveyed to the appropriate federal agencies, the FCM, UBCM and to EPS. Further, given concerns regarding the need to process e-waste in an environmentally-sound manner, it would be appropriate to convey that the stewardship model developed for e-waste be undertaken in accordance with the Basel Convention. Given the concern about rapidly growing volumes of e-waste and potential environmental concerns associated with its disposal, a stewardship program should be implemented as quickly as possible.

Financial Impact

This report has no direct financial impact.

Conclusion

The proposals by the BC Dairy Council and EPS would represent a shift away from full industry product stewardship to a shared responsibility model, whereby government would assume partial responsibility for industry waste. This is inconsistent with the model currently practised in British Columbia which is based on full industry responsibility.

As a local government that is directly impacted by decisions of this nature, it is important that the City express its position on this issue. This report recommends that the City not support the BC Dairy Council's proposal for a top-up payment, and instead express that milk containers be included in the deposit refund system. Similarly, it is recommended that the City take the position that industry should assume full responsibility for all aspects of e-waste management. Stewardship programs for both milk containers and e-waste should be implemented in a timely fashion.

This approach will ensure a level playing field for industry, and provide full incentive to industry to design their products and packaging in an environmentally-responsible manner.

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