



MARKET DEVELOPMENT IN ONTARIO

Report on Phase One “Round Table” Consultation Discussions

July 15, 2004

Note: information concerning where to send comments is provided on the page 4.

Stewardship Ontario is committed to reviewing its market development plan and activities as described in the approved Blue Box Program Plan (BBPP). A ‘round table’ consultation meeting and webcast were held on July 15 as the first phase of a process to discuss market development and governance issues. (A separate report has been prepared to summarize comments on governance.)

The ‘round table’ consultation began with a plenary at which Stewardship Ontario outlined the two issues. The plenary portion of the consultation and a question period which followed were webcast. The webcast ended at the conclusion of the question period and the participants who were present broke into groups for the round table discussions. The first two (simultaneous) discussion groups (one hour in length) focused on the issue of governance. The next discussion (an hour in length with about 18 participants) focused on market development issues. Participants included brand owners/stewards, end market representatives, trade associations and Ministry of the Environment, Association of Municipalities of Ontario, Waste Diversion Ontario and Stewardship Ontario staff representatives.

It was noted at the beginning of the discussion that we were addressing market development (and targets) as set out in the approved Blue Box Program Plan (i.e. not related to any new measures or enhancements on which the Minister of the Environment is currently consulting). One of the main reasons for seeking feedback on market development at this point is that any new funded market development initiatives for 2005 need to be included in 2005 stewards fees. (Draft fees are to be presented at the consultation meeting/webcast scheduled for August 25 – the next phase of the consultation process.)

This report summarizes the comments offered by participants who attended the meeting (20) and those that participated through a webcast of the presentations (200). (A further 149 have accessed the archived webcast to date.)

Also attached to this report are:

- an overview of the consultation process
- a discussion document circulated by Stewardship Ontario to spark discussion

Summary of Comments Received

The discussion was wide ranging and towards the end, focused on the three market development questions contained in the webcast presentation:

- 1) What blue box materials (if any) require market development support in 2005?
- 2) Should green procurement be part of Stewardship Ontario's program activities in 2005? (i.e. as proposed in the Blue Box Program Plan [BBPP])?
- 3) Should cooperative marketing be part of Stewardship Ontario's activities in 2005?

Note: Comments are welcome on all market development issues and opportunities; Stewardship Ontario is specifically interested in additional feedback on market development related to these three questions.

Key Points of Discussion

Market Development and Targets

- market development should be focused only on materials where there is a genuine "market gap" – e.g. for some plastics that are collected from Ontario households
- the "next least cost tonne" approach contained in the BBPP penalizes some stewards/end markets
- real blue box market development needs are complicated by a political target setting process

Management and Quality Issues

- "market management" is the key issue - i.e. collectors need to provide quality materials for processors and end markets
- the supply of quality materials is a larger problem today than demand
- single streaming recycling systems reduce quality and inhibit ability to recycle more materials (e.g. glass)
- who should pay/be responsible for problems created by multi-stream collection?
- small programs can often provide better quality supply
- there is a need to improve program cost efficiencies by rationalizing processing facilities around the province
- public/private tenders can be used to deploy private facilities more effectively
- the suggestion was made that Waste Diversion Ontario should host regular "state of the market" meetings so that stewards, end markets, municipalities and private contractors can better understand and act upon market issues of common interest

Supply/Demand Balance

- many blue box materials are already able to “clear the market” of materials (i.e. end markets can use as much as can be collected from curbside programs)
- demand for some materials exceeds supply – supply needs to be close to demand or prices/costs may increase dramatically
- need to deepen the capture of materials with strong supply
 - balance is the key - let economics play the key role between supply and demand

Three Focus Discussions Relating to Market Development:

1) Target Materials

- plastics are the coming challenge – more municipalities are looking to increase materials, and particularly more plastics
- markets are poor for “mixed plastics” and plastics film
- key issue is whether targets/future market development should focus on “all bottles” (where markets do exist) or all plastics
- the issue with many other materials (e.g. steel, aluminum, OCC, ONP) is the need for more material/enhanced recovery, not market development

2) Green Procurement

- concern was expressed about the issue of recycled content as it relates to procurement – i.e. recycled content requirement can distort the system: it can also conflict with key business considerations for stewards (e.g. safety, convenience)
- the current funding formula does not reward recycled content
- recycled content must be more clearly defined:
 - post consumer
 - post industrial
- if green procurement specifications require post consumer content, Stewardship Ontario should talk to industry first
- there is not enough detail in the BBPP regarding green procurement to provide meaningful comment; talk to the procurement professionals in Ontario to get their opinion on what is needed
- give much thought before setting anything in stone

3) Co-op Marketing

- hard to comment without a better explanation of what is meant by cooperative marketing of materials
- brokering materials/densifying loads from smaller program operators has been common practice in the recycling business for years.

Concluding Comments

- Stewardship Ontario needs to use the phrase ‘market development’ for what it means – i.e. developing end markets – increasing capture rates is also an important issue, but it is different from genuine market development
- use the phrase “Blue Box materials” not “Blue Box waste” except when referring to “blue box waste” as stated in the *Waste Diversion Act*.

—end—

Direct Comments by August 6 to:

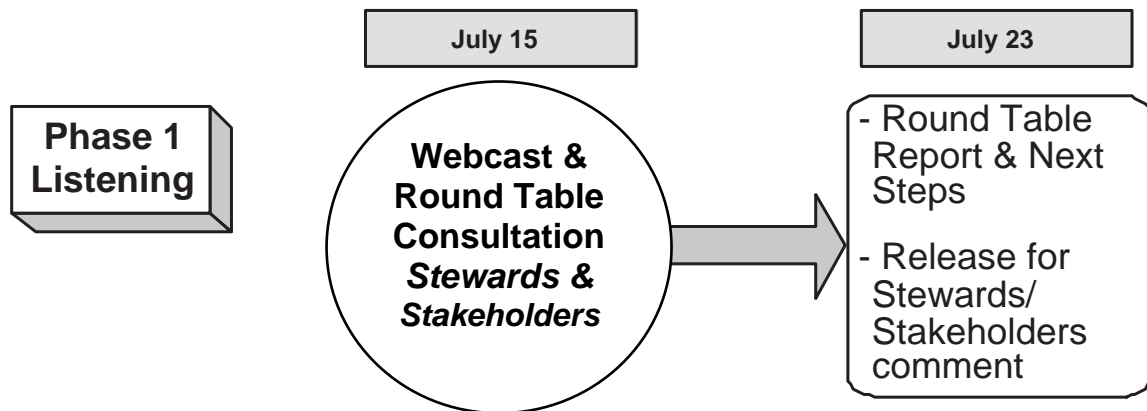
*Barbara McConnell
Communications
Stewardship Ontario
info@stewardshipontario.ca
Ph. 647-777-3362
Fax. 416-594-3463*

- *Overview of Consultation Process provided below*
- *Presentation Information provided separately*

Overview of the Consultation Process: Governance & Market Development

Consultation Process: Phase 1: *Listening*

- July 15 Round Table Discussion and Webcast on Governance and Market Development Issues
- July 23 Round Table Report on Comments released to registrants
- July 27 Round Table Report on Comments posted to Stewardship Ontario website for general comment



Consultation Process: Phase 2: *Options*

- August 6 Comments on Round Table Report due
- w/o August 15 Post & distribute Round Table findings
- August 25 Consultation meeting and webcast on Options
- Early September Draft final recommendations

