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March 6, 2006

Dear Mayor, Members of Council and Municipal Clerk:

Re. Stewardship Ontario confirms low glass recycling rates in Ontario

"Key Facts on Glass Recycling in Ontario" ("Key Facts") as published by Stewardship Ontario on February 27th 2006 confirms key contentions regarding Ontario glass recycling raised by OI Canada in its January 31st letter to the "Blue Box Funding Review Committee".

While "Key Facts" acknowledges that actual glass recycling rates in Ontario are low, it also makes additional assertions which are either factually incorrect or construes facts in such a way as to be misleading.

Glass recovery and recycling is not the same thing – Stewardship Ontario acknowledges that glass *recycling* rates in Ontario are exceedingly low

Specifically, Key Facts acknowledges that of the 198,000 tonnes of glass bottles and jars introduced into the Ontario marketplace in 2004 only 27,100 tonnes was recycled "bottle-to-bottle". Though not reported by Stewardship Ontario, we have been able to determine that in 2004 approximately 32,660 tonnes of curbside collected glass was used in fiberglass manufacture. These tonnages yield a bottle-to-bottle recycling rate of 13.7% and an abysmally low combined **recycling** rate of 30%. Nowhere does "Key Facts" refute the fact that the remaining 70% of glass remains un-recovered, is recovered and is subsequently sent to landfill as residue or is "down-cycled" as aggregate replacement, landfill cover or other low-end uses. To be clear, recovering glass and actually recycling it once it is recovered are two entirely different things – **70% of the glass available in Ontario is not recycled.**

While we appreciate the reasons that municipalities have moved to "commingling" and "single stream" collection and that that these decisions may (or may not) have been predicated on business decisions by the former Consumers Glass, we reiterate our comments of January 31st 2006, "...OI Canada is committed to using every kilogram of clean, color separated cullet that can be derived from the Ontario market in the manufacture of glass packaging." For clarification, that includes acceptance of all the clean, uncontaminated green glass that Ontario can produce.

Market value of recyclable glass

"Key Facts" notes that Ontario municipalities have been receiving, "...nowhere near the \$50/tonne...that has been suggested by OI (sic)". Let us be more specific. According to Stewardship Ontario, **in 2004 Ontario municipalities expended \$10.9 million in blue box operating cost to collect LCBO glass but only received \$92,000 in revenue.** As Stewardship Ontario notes, Unical receives and processes Ontario blue box glass a portion of which is then purchased by OI Canada at a significant premium (at a cost of \$40-60 / tonne) – prices that are in effect subsidized by Ontario municipalities and Ontario taxpayers.

But all of this just goes to make the point that the current system for collecting glass is both environmentally and economically wasteful. Were the glass never to be broken, color mixed and contaminated in the first place – i.e. were it collected in an alternative system – this would increase actual recycling rates, significantly reduce municipal blue box and landfill costs and avoid all the additional financial costs of rendering a recyclable material into waste and then reconstituting it through additional processing.

Of note, Unical is only offering 15,000 tonnes of incremental volume of container quality cullet derived from the, "...state-of-the-art glass recycling facility..." as proposed for operation in Ontario in 2007. This will only serve to raise

Ontario's combined recycling rate from 30% to 37.8%. Moreover, Ontario municipalities will have to pay an additional \$5/tonne to have their glass processed. This seems like a great deal of expense just to produce low grade material the bulk of which is destined for use as sewage treatment plant filter substrate and aggregate replacement.

A deposit-refund system for recovering and recycling packaging sold by the LCBO

Again, despite a reported 65% **recovery** rate for residentially (not including bars and restaurants) generated wine and spirits containers, the actual Ontario **recycling** rate for wine and spirits containers is nowhere near that – and again, most LCBO packaging remains un-recovered, is recovered and is subsequently sent to landfill as residue, or is “down-cycled” for aggregate replacement, landfill cover or other low-end uses.

Insofar as an alternative recovery system is concerned, “Key Facts” offers erroneous data regarding the recovery of wine and spirits containers by deposit-refund systems in other jurisdictions. Specifically:

- The recovery rate for wine, spirits, imported beer and coolers etc. sold by the Liquor Distribution Branch (LDB) in BC is **89.6%** (151,798,265 units recovered of 169,425,311 sold)¹ **not** 79% as reported by Stewardship Ontario.
- According to the Resource Recovery Fund Board (RRFB) in Nova Scotia, wine and spirits containers were recovered at a rate of **89.2%**² in 2004; and
- The 79% glass recovery rate reported for Alberta by Stewardship Ontario is a weighted average recovery rate for all glass containers not just wine and spirits containers. Typically wine and spirits containers are larger and carry a higher deposit which results in a higher recovery rate. It is instructive to note that the recovery of glass, non-refillable import beer bottles (which carry a \$0.10 deposit as opposed to a \$0.05 deposit on non-beer glass containers) in Alberta was **94%** in 2004³.

Finally, “Key Facts” fails to identify its own empirical data which (as stated above) shows that in 2004 Ontario municipalities expended almost \$11 million in blue box operating cost to collect LCBO glass (for \$92,00 in revenue) – a cost that would be largely removed were that glass be diverted from both municipal blue boxes and landfill via a deposit-refund system. Accordingly, Stewardship Ontario's proposed expenditures through the Glass Market Development Fund will not “reduce substantially the cost of glass recycling” but in fact amounts to little more than throwing good money after bad – an expenditure to fix something that need not be broken in the first place.

If you have any questions or comments please do not hesitate to give me a call at 1(416) 232-3000 Ext. 3206.

Sincerely,



Dan Steen
O-I Vice President, Government Affairs

cc. The Honorable Laurel Broten, Minister of the Environment

¹ Houghton, Christine. Assistant Director, Environmental Management Branch. September 20, 2005. *Recycling Regulation – Beverage Container Program, Annual Report by the Director, 2004-05 Reporting Period*

² Resource Recovery Fund Board (RRFB), Nova Scotia. Data for fiscal 2004-05.

³ Alberta Beverage Container Management Board (BCMB). BCMB Annual Report 2004. http://www.bcmb.ab.ca/pdf/bcmb_2004a_r.pdf