

# What kind of blue box program will be left when industry takes over?

*Last summer, a PPSReview "In depth" piece looked at what might happen to the recycling system and the materials it collects when industry takes over. This article looks at the viability of the curbside system itself, given changes in markets.*

To the relief of many on the municipal front, Ontario's Environment Minister John Gerretsen kept his job in the recent cabinet shuffle.

While his intended move to 100% industry funding of Ontario's blue box program has been confirmed many times by the minister, until it actually happens, municipal treasurers will not likely sleep well in their beds.

Given the existing "shared responsibility" approach envisioned in the old Waste Diversion Act, the blue box seemed an unlikely contender for such treatment.

But the report that accompanied the recent review of the Act makes it pretty clear that this is what the Province has in mind. The consultation was really more about how it would happen.

The timing of this switch in responsibilities comes at a time when there are several large clouds hanging over Ontario's curbside recycling system.

There are two main reasons for this troubling forecast: the addition of so many more materials and the way we collect them. And both of these have made the job of the blue box material marketer very difficult. The quality has gone and our competition in this market place has a much cleaner product.

## **FIBRE RECOVERY HAS BEEN STRONG**

While it has never been close to competing with the old bottle deposit-return system for container recovery performance, the blue box has done fairly well on the fibre side. The good

recovery rates for old newspapers were often enough to boost the average rate to about half. This was enough for all concerned to bury their heads in the sand whenever concern was expressed about how well the blue box was performing.

As a way to motivate people to return containers, the deposit has always proved to be more effective, even if the idea of take-back at stores puts retailers into a cold sweat.

It is interesting that a similar debate is going on in Quebec (see other stories in this issue of *PPSReview*).

Ironically, from once being the inefficient, high-cost pariah, the blue box is now touted as the be-and-end-all by industry players now they are

faced with paying the full shot. They even want to move beverage containers from the existing, efficient deposit system and put them in Quebec's blue box.

In response, the Quebec government has challenged them to demonstrate that the blue box can achieve the same diversion numbers as the deposit-return system at a lower cost. If they can (and watch carefully for the launch of the Creative Accounting Olympics), the mandatory deposits will be removed from beverage containers except beer.

## **BLUE BOX DOING BETTER**

For all its problems, the blue box system is actually doing a lot better in the recovery department than it did in the past.

Thanks to some substantial investments in sorting and processing technology, the very poor recovery rates for some materials like hard-to-recycle plastics are creeping up.

At the curb the move from multi-stream collection, to two-stream collection, and now to single-stream collection has seen a substantial increase in the tonnages collected.

But here's the rub.

While everyone is happy to see the increase in diversion rates, there has been a marked reduction in the quality of the product coming out of the back door of the recycling plant. And this is really hurting Ontario's blue box program.

In addition to a large increase in residue (i.e., garbage) coming out of that same back door, cross contamination is taking its toll.

Recent reports have confirmed what a lot of people have feared about the whole single-stream approach. We are paying heavily for our efforts to increase convenience at the curb for the householder.

In the late 1980s, recycling programs were frequently visited by garbage alchemists who claimed to be able to put mixed waste in one end of a system and take out gold from the other end. Few bought it then, but it could be argued that the single-stream approach is really a modified version of that. To be fair, however, increased diversion was really the selling point rather than a glistering end product.

## **BREAD AND BUTTER MATERIALS**

Since Day One, the blue box has had its prime materials, its bread and butter materials and what might be considered its non-paying passengers.

Aluminum has always been by far the highest-value product and newsprint and steel have always been a steady revenue source, given their volume. Adding steady but usually reliable solid income have been PET and HDPE bottles.

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# Increased diversion, but at what cost?

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All of these except HDPE were part of the original blue box team, along with glass, which was unspectacular but, in those days, easily sold in high enough volumes to yield a half-decent revenue.

Over the next several years, a whole host of other materials were added—not to all programs, but to most—and while this did increase the diversion, it did little for the bottom line. Indeed, in some cases, it piled up more and more costs as we struggled for ways to make them fit the system.

Of all the materials added since the original blue box days, only two, HDPE and cardboard (old corrugated containers—OCC), can be considered a revenue source of any consequence. Indeed, most of them have been liabilities. To further drag down revenues all those extra materials are finding their way into the bales of the high-value material we ship to market.

## FUSSIER AND FUSSIER

The people who buy aluminum for making new cans are getting fussier and fussier about the quality of the materials they buy. Penalties and load rejections are frequent. Ontario material recovery facilities (MRFs) are competing with clean, uncontaminated deposit-grade aluminum cans from other jurisdictions. Our ability to match those high standards is not helped by the increasing appearance of foil, aluminum trays, cat foods tins and other non-used beverage containers that end up in bales sent to these high paying mills.

Aluminum being aluminum, there are usually other buyers, but it means taking a substantial hit on the price paid. More sorting technology may address some of these quality issues, but at what point does the cost of all these Band-aids cry out for another look at why we collect this material together?

It is the same story with the second best recycling revenue stream: newspapers (ONP). Very few MRFs are shipping a true #8 bale (i.e., pure newsprint) anymore. Over the years, the proportion of ONP in the fibre stream has been getting smaller and smaller. We were already collecting a lot of the available newsprint so most of the added fibre is not such a high quality. Added to that is the reduction in the dimensions of newspapers themselves (and a depressed economy means thinner papers as advertisers pull back).

The mills have noted this trend with alarm over the years and the advent of single-stream collection and the added cross-contamination it brings with it have merely exacerbated an already serious problem. The competition from Chinese mills has forced those Ontario and Quebec mills that are still in business to put up with this, but relying on overseas markets as local ones die off is not sustainable.

## IT MAY NOT BE PET

When PET bottles were the only plastic in the blue box, they were easily sorted and a clean stream was shipped to market. Now we have plastic trays which are eminently recyclable and all look the same but they may or may not actually be PET. So the markets don't want them with the bottles. And now there are PET bottle look-alikes made from materials that act as contaminants in the PET processing system. Again, sorting technology is being developed that will be able to save the day, or so we are told. More Band-aids.

Steel seems to be the only market where we haven't compromised the product quality. Prices have been up and down of late, in keeping with the economy, but this was to be expected.

Like steel, the market for OCC usually follows the economy. Ontario no longer has a pure boxboard market so it needs to be mixed with other fibres, usually OCC, dragging down the price.

HDPE has proved to be a fairly steady participant in the blue box and its market ups and downs are usually reflected in prices paid for tubs and lids.

All the other materials have always been or have become a problem.

The polycoat and aseptic markets have been spotty, although the promise of new markets in Quebec is encouraging. The economics and cross-contamination challenges of collecting polystyrene foam and film have led Waste Diversion Ontario (WDO) to suggest they do not belong in the blue box but would be better served by a depot system (*Report on Greater Consistency of Recyclable Material Collection, Draft for Consultation, November 17, 2009*).

In that same report, however, WDO is suggesting more material be added overall to the blue boxes across Ontario, not less.

## LOOK HARD AND LONG

If industry gets the control it wants after picking up the tab for Ontario's blue box system, it may want to look hard and long at how other materials might be collected and how that might affect the bottom line.

Perhaps we will see a return to the old days, i.e., collection the good stuff—aluminum, steel, newspapers, OCC and plastic bottles—at the curb, and take-back for the rest. It could be in the store, depots, "bottle bank" style street containers—whatever works. Industry has the innovation and resources to make it work. And the extra cash from the clean blue box materials would likely go a long way to offsetting the cost.

Something should be done soon, before our lucrative aluminum and newspaper markets are gone forever.

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