Deposit return program cuts Toronto revenues

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Toronto stands to lose millions of dollars to a new deposit return program in Ontario that covers liquor store purchases, and officials are looking to the province to offset the loss.

Even though Toronto Mayor David Miller calls the return program "the right thing to do," he notes that it's a "several-million-dollar concern."

Mr. Miller's comments come in response to documents obtained under the Freedom of Information Act, which state the city stands to lose a substantial revenue stream under the deposit return program for Liquor Control Board of Ontario bottles.

The Ontario government launched the deposit return program provincewide in February. The exact financial impact it will have on other Ontario communities is not known.

Under the program, almost all liquor containers purchased can be returned to the province's beer stores for a full deposit refund.

The documents outline three key areas where city revenues will take a hit as a result:

There will be less blue box content to sell to the glass market.

The cost per tonne of processing blue boxes will rise, because the same number of crews and trucks will still make the same number of stops, no matter how full the city's blue boxes are.

Scavengers will have more material to illegally pluck out of blue boxes, exacerbating the city's loss of saleable blue box content.

"No . . . savings are expected from less LCBO containers in the waste stream," reads a briefing note prepared last month by Toronto's solid waste management services division. "There will also be lost revenue from the removal of aluminum, PET [clear plastic] and gable-top [paper with plastic screw top] LCBO containers."

Mr. Miller and city officials said it's too early to know how many millions of dollars the city will lose this year. Officials will have a better grasp of the financial impact in a few months, Mr. Miller said.

"We won't know, probably for the remainder of the year, whether there will be significant amounts of glass left in our system so that we can pursue the aggregate replacement market," Mr. Miller said.

A September, 2006, letter from the mayor's office to Ontario Environment Minister Laurel Broten, also obtained by The Canadian Press, said the city already has a "significant problem" with scavengers targeting beer containers and aluminum cans.

Putting a deposit return on liquor store containers will only "exasperate and expand the problem." The city anticipates losses in the "hundreds of thousands of dollars per year" to scavenging alone, Mr. Miller wrote. The mayor called for Waste Diversion Ontario, the provincial agency that distributes blue box funding to the municipalities, to pay the full cost of the blue box program. That would give Toronto an extra $5- to $8-million each year, Mr. Miller wrote.

Anne O'Hagan, a spokeswoman for the province's Environment Minister, said the government is taking a wait-and-see approach before it makes any further funding decisions.

The Ontario government notes that Toronto already receives funding intended to ease the transition from its blue box program to the deposit return program.

Under the provincial Waste Diversion Act, all companies that produce packaging and printed material in Ontario, known as stewards, must pay for 50 per cent of the province's municipal blue box waste diversion programs.

However, Ministry of Public Infrastructure Renewal spokeswoman Amy Tang said that under the new deposit return program the board is no longer a designated steward. That means it no longer pays the 50-per-cent fee to Stewardship Ontario, the provincial body that collects packaging fees from industry.