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**Halifax Regional Council**  
**May 24, 2005**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

A handwritten signature in black ink, appearing to read "Brad Anguish", written over a horizontal line.

Brad Anguish, Director, Environmental Management Services

**DATE:** May 17, 2005

**SUBJECT:** **Resource Recovery Fund Board (RRFB)**  
**Enviro Depot Handling Fee Increase**

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### **INFORMATION REPORT**

#### **ORIGIN**

On April 29, 2005, RRFB Nova Scotia announced that handling fees paid to Enviro Depots would significantly increase over the next three years. This report provides information on the financial impact of RRFB Nova Scotia's recent announcement.

#### **BACKGROUND**

Commencing September 1, 2004, under the direction of the RRFB, the Nova Scotia Handling Fee Committee (HFC) undertook a review of the beverage container handling fees paid to Enviro Depots in NS. Attachment # 1 is a list of members of the Handling Fee Committee.

The HFC visited Enviro Depots and received financial data from 38 of the 84 depots licensed in the province, with 12 of the 38 providing financial statements for consideration. Parties identified to be consulted included "Beverage manufactures or their association/agents, Enviro Depot or their association/agents, Nova Scotia municipalities, or other such parties as may be specifically agreed to by the HFC". The terms of reference of the HFC did not identify the financial impact on the municipalities as a factor in setting the handling fee rate. Neither the HFC or RRFB Nova Scotia included consultation with municipalities in NS during the six month review process.

HRM staff were not included in any communication respecting the HFC consultation process and did not learn, until the evening prior to, of an open forum where municipalities could present. HRM

staff and staff from the Valley Waste Authority (Region 5) attended and made a presentation (Attachment # 2, speaking notes) at the forum held on March 9, 2005. While HRM and other Regions comments were noted in the HFC March 2005 report, the request for further consideration of municipal input was not considered. The HFC report was tabled by RRFB Nova Scotia, and on April 29, 2005, RRFB announced (Attachment # 3) an increase in the handling fee, effective April 1, 2005.

## **DISCUSSION**

The impact of the HFC recommendations for HRM and all municipalities is financial. In Nova Scotia, in accordance with provincial regulations, municipalities are to receive a minimum of 50% of the net revenues from RRFB, to support municipal waste diversion programs. Any increase in costs, such as the setting of a new handling fee rate, without an offsetting increase of RRFB revenue, has the potential for a negative impact on the net RRFB revenue available to support municipal waste resource management and diversion programs.

According to RRFB Nova Scotia's Annual Report (2004), Enviro Depot handling fees accounted for 20% of the total costs, valued at \$7.4 million. Effective April 1, 2005, RRFB Nova Scotia approved a handling fee increase from .0325 cents to .0349 cents, which is a \$668,134 increase in costs in 2005, with an additional increase of 2 percent in the years 2006 and 2007.

Councillor Reg Rankin, Chair, Region 4 (HRM), and staff who attend Regional Solid Waste Chairs meetings, have expressed concern regarding the lack of consultation process and the lack of representation provided to HRM and all municipalities with the RRFB-sponsored HFC review process. HRM staff have been advised to expect an ongoing decline in net revenues available to the municipalities as other RRFB program costs increase, however RRFB cannot quantify the forecast annual revenue loss.

Without enhancement in revenues, stewardship, levies, or other tools at the disposal of the Province to offset municipal solid waste management costs (i.e., recycle and compost manufacturers' products and packaging), municipalities will continue to fund the majority of cost increases required to support the delivery of solid waste resource management programs.

Revenues from RRFB are derived primarily from bottle deposits. In 2004, RRFB gross revenues totalled \$36.9 million and net revenues totalled \$9.8 million. RRFB reported that of this net revenue, a total of \$7.2 million (72%) was distributed to support municipal waste management and diversion programs (which is above the minimum 50% specified in the RRFB Act). Of this \$7.2 million, HRM received (in 2004) approximately \$3.2 million. This money directly supports and sustains the HRM Solid Waste/Resource Management System. Typically (in accordance with the Province's Diversion Credit Formula), HRM receives approximately 40% of these net revenues because our diversion represents approximately 40% of the Provincial total diversion achievements.

**BUDGET IMPLICATIONS**

The total cost impact of RRFB's increase in handling fees paid to all Enviro Depots is \$668,134, of which HRM's share in lost revenue would be approximately \$267,000. The Solid Waste Resources 2005/06 budget did not include this reduction in revenue. Staff are currently investigating/reviewing budget offset options.

**FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

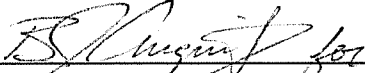
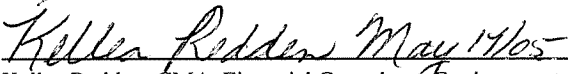
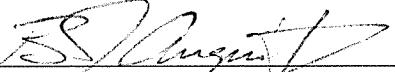
This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

**ALTERNATIVES**

N/A

**ATTACHMENTS**

1. Handling Fee Committee Members
2. Speaking Notes, March 9/05
3. Memo, dated April 29, 2005 from RRFB, Rick Ramsay, Chair, Acting CEO

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.	
Report Prepared by:	Laurie Lewis, Diversion Planning Coordinator 490-7176
Report Reviewed by:	 Jim Bauld, Manager, Solid Waste Resources 490-6606
Financial Review by:	 Kellea Redden, CMA, Financial Consultant, Environmental Management Services 490-6267
Report Approved by:	 Brad Anguish, P.Eng., PMP, MBA, Director, Environmental Management Services 490-4825

Attachment #1

Respectfully Submitted:

**Handling Fee Committee**

Bill Hayward  
Peter Burgess  
Lloyd Matheson  
Bruce Rogers  
Usman Valiante

Independent Chair  
ENVIRO-DEPOT™ owner  
RRFB Nova Scotia  
Eastern Recyclers Association  
Brewers of Canada

Heather Robichaud  
Robert Verge

Administrative Support  
Data Collection Agent

Attachment # 2

**Speaking Notes - HFC Stakeholders Public Forum, March 9, 2005 - Hfx Airport Hotel**

Laurie Lewis, Halifax Regional Municipality Solid Waste Resources

Municipalities are key stakeholders, interested parties, representing taxpayers whom bear the costs of collection systems and processing facilities for organics, recyclables and HHW, components of a system to support waste diversion.

We consider ourselves partners with RRFB and Envirodepots.

We have questions, yet unanswered, which we wish for your committee to consider:

What will be the financial impact upon municipalities? Upon preliminary review we view 3 areas that are of concerns and will impact the financing of municipal solid waste management systems

1. A handling fee increase
2. A fund of a "significant amount" to support depot enhancements
3. No longer allowing Municipality MRF's to receive handling fees for the recovered redeemables

Issues which impact the net revenues provided by RRFB to municipalities to support their waste/resource management systems.

Municipalities, as partners in the implementation of the provinces Solid Waste/Resource management Strategy are provided financial support from RRFB to support significant investments made in capital infrastructures and ongoing operations to deliver these collection programs and processing facilities for organics and recyclables. How will taxpayers be impacted?

We are leaders in waste management, having met the 50% Diversion target set by NSDEL in its strategy and regulations. We need to ensure we do not take 2 steps back. We need to ensure there is ongoing support for municipalities if we are to continue to meet diversion objectives.

Consistent with the provinces commitment to the UNSM, we request that any changes that may impact the finances of municipalities, we are to be provided one years advance notification. All 55 municipalities are represented through the Nova Scotia Solid Waste-Resource Management Regional Chairs Committee comprised of elected officials and waste management technical experts. We request that RRFB seek our consultation before final decision is determined.

Thank You

**Speaking Notes**

-Brian Van Rooyen, Regional Coordinator, Region 5

**Handling Fee Stakeholders' Consultation  
March 9, 2005**

I went to the Handling Fee Consultation as an observer. The following comments were made verbally in order to provide some Municipal perspective to the hearing.

**1. Municipal Consultation**

- The provincial waste-resource management strategy is a partnership among the DEL, RRFB, Municipalities and the Enviro-Depots. All four are serving the public
- Municipalities handle the largest percentage of the waste-resources managed in Nova Scotia (recyclables, organics, residual waste, C&D Debris, metals, brush, etc.)
- The tax-payers pay the lion's share of the bill
- RRFB monies amount to only about 9-10% of the total cost
- Municipalities are "Interested Parties" as defined in the Handling Fee Committee's proposed rate setting process and yet the time allowed for comment has been very brief; I have heard of at least one of the Regional Chairs that has not yet received the package from the Handling Fee Committee

**2. Support a Fair Process for Setting the Handling Fee**

- The Enviro-Depots deserve fair payment for the work they do
- The proposed Handling Fee rate setting process appears to be fair; comments on the financial technicalities are left to others more competent to comment on
- Municipalities are more than willing to work cooperatively with the Enviro-Depots
- Since the Provincial Strategy was first introduced it has been understood that one of the primary functions of the Resource Recovery Fund is to provide funding to municipalities for waste management activities. Presently that level of funding amounts to only about 9-10% of the total cost. Municipalities/taxpayers deserve fair treatment also

**3. Stewardship**

- The provincial government should devote more energy to generating more Stewardship monies for the Resource Recovery Fund to provide support to municipal diversion activities and Enviro-Depot activities.

**4. Municipalities Redeeming Beverage Containers at Enviro-Depots**

- The suggestion made by Enviro-Depot Operators and reported in the Handling Fee Committee Report that Municipalities should be required to redeem beverage containers at the Enviro-Depots rather than collect the refund and handling fee themselves would be financially de-stabilizing in the current RRFB funding environment



Attachment #3



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## MEMO

**TO:** RRFB Nova Scotia Stakeholders  
**FROM:** Rick Ramsay, Chair and Acting CEO  
**DATE:** April 29, 2005  
**SUBJECT:** Nova Scotia Enviro-Depots Receive Handling Fee Increase

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RRFB Nova Scotia announced today that handling fees paid to ENVIRO-DEPOT™ Refund and Recycling Centres for handling recyclable beverage containers would significantly increase over the next three years. The rate per container increases by 5.7% effective April 1, 2005, and will increase by an additional 2% per year in 2006 and 2007.

Handling fees for recyclable beverage containers will be:

- .0349 cents effective April 1, 2005
- .0356 cents effective April 1, 2006
- .0363 cents effective April 1, 2007

In March 2005, an independent Handling Fee Committee recommended that increases be paid to ENVIRO-DEPOT™ Refund and Recycling Centres across Nova Scotia, which handle recyclable beverage containers and refillable beer bottles.

RRFB Nova Scotia has accepted the Committee's recommendation to increase fees paid to handle recyclable beverage containers. Other suggestions included in the Handling Fee Committee's Final Report are under consideration by RRFB Nova Scotia.

Regards,

Rick Ramsay  
Chair and Acting CEO, RRFB Nova Scotia  
Phone: (902) 897- 4322