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Wednesday, August 21, 2013

Does it matter how we pay for recycling?

By David Stitzhal



David is a founding board member of Product Policy Institute and President of Full Circle Environmental, Inc.

Does it matter whether we pay for recycling through rates and taxes versus paying as part of the cost of the product?

As a society we define which goods and services we pay for through taxes, utility rates and service fees, and which we pay for through private transactions. These allocation decisions have been made over time, and are not necessarily revisited often.

Taxes are often used to pay for so-called common benefits. We pay, for example, for pothole repair through taxes, rather than as individuals each time we come to a hole in the road. Thus a broad public benefit is paid for through a broad financing mechanism.

Conversely, we purchase food at stores using our personal earnings, rather than standing in line for allotments of bread and sugar issued by a central government. The quantity of food we want, as well as the level of quality, must be paid for by individuals as they are able.



We are accustomed to paying for garbage and recycling services broadly -- through government-mediated taxes, rates and fees (remitted to local government or private vendors). This wasn't always the case. Government first got involved in sanitation a century ago to protect public health. At that time the waste stream was much simpler and could be largely composted or repurposed. But as the waste stream has grown in complexity, toxicity and non-recyclability -- attributes that are predominantly under the control of product designers and manufacturers -- local government still finds itself responsible for financing disposal and recycling efforts.

The current system locks in an inherent inequity in which people who buy selectively and therefore dispose of fewer and less toxic products still must pay into a system that inexorably subsidizes those individuals who purchase and dispose of comparatively more, and more toxic, products.

A greater inequity however lies in the fact that because downstream disposal costs are paid for by different parties than the upstream producers who design, market and profit from the product, the producers therefore have no bottom-line, market-driven, cost-of-

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We are a non-profit organization working to prevent waste and promote sustainable production and

consumption practices through good public policy and governance.

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business incentive to take into account the disposal and toxicity impacts of their product and packaging -- much less a financial incentive to address these impacts through product re-design.

In other words, disposal costs and toxicity impacts of any given product are paid for outside the producer-consumer relationship; they are paid for broadly by ratepayers and taxpayers. Thus Manufacturer A can over-package a toxic widget, and Manufacturer B can minimally package a less toxic, recyclable version of the same widget, yet neither one has to factor in the multiple costs of disposal, recycling or impacts from toxicity. This free ride to the dump -- free for producers, not society -- inherently subsidizes inefficiency in products and their packaging, and allows blindness to toxicity. From a market perspective, this approach provides little incentive for producers to consider the end-of-life costs of their products and packaging.

When we determine who should pay for something, we must ask, To whom does the good accrue? Taxes work well when we have a broad public good, with undifferentiated benefits. (We all benefit from a tax-funded fire department, even if our own house doesn't ever catch fire.) However, those narrow costs which are simply part of creating a product for sale -- buying raw materials, hiring employees, running equipment, and arranging for a product's end-of-life-management -- should travel with the product. We should not isolate one cost of doing business -- in this case a product's disposal impacts -- and cover those costs through the blunt instrument of public taxation and rate setting.

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Wednesday, August 7, 2013

EPR for Packaging in Rural British Columbia -- A Lesson for the U.S.

By Raymond Gaudart



/Bill S.

As Multi Material British Columbia (MMBC) moves forward in the implementation of its

As British Columbia moves forward in implementing the first 100% producer-funded and managed collection and recovery program in North America for packaging and printed paper, issues are being raised that can serve as alerts for parties working on EPR for packaging in the United States. A specific issue is that of service levels for rural communities. Raymond Guadart describes why the Board Chair of the Regional District of Central Kootenay (RDCK) recently wrote the Environment Minister a letter over concerns that the Steward's plan to require that all drop-off sites be manned would close the vast majority of such sites. It is worth noting that RDCK supports EPR for packaging. This episode illustrates the kind of issues that public-interest advocates in the US need to ensure is dealt with in legislation.

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made a presentation to the California Manufacturers and Technology Association on April 8th. I was asked these question...



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By Bill Sheehan,
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