



Recycling Council
of Alberta

Sustainability of Alberta's Waste Stewardship Programs

Background: Alberta has a strong history of successful waste stewardship programs. Currently, Alberta's programs include beverage containers; used oil, containers and filters; tires; electronics and paint. These programs are managed at arm's-length from government through Delegated Administrative Organizations (DAOs). A DAO takes the administrative burden of the program from government and places that responsibility with key stakeholders directly involved in the industry, providing the opportunity for valuable input and accountability from a variety of stakeholders directly affected by the stewardship programs. DAOs do not receive any funding from government for the administrative operations of their respective programs.

Function: The DAOs function as non-profit organizations that manage their respective stewardship programs under the direction of a Board of Directors made up of stakeholders that may represent industry, municipalities, and environmental organizations. The DAOs report annually to their stakeholders and the Minister of Environment, who approves the organizations' annual business plans. The DAOs make daily administrative decisions regarding program operation, and funding for program delivery is provided from the advance disposal fees charged on program materials.

Advance Disposal Fees: Program funding is secured through advance disposal fees (ADF) on materials managed under each program. These fees are charged either at the wholesale or retail level, and are administered by the DAOs or program delivery agents (in the case of the beverage container management system, the fees are paid by manufacturers to the Alberta Beverage Container Recycling Corporation, who uses the monies collected to pay for the collection and recycling of beverage containers). It is important to note that these fees are not taxes and are assigned to the management and recycling of the materials for which the fee is charged. With the exception of the beverage container recycling program, for which the fees are set by industry (manufacturers or their agent), the amount of the ADF is set within the respective stewardship regulations.

Financial Planning: Having the fees set in regulation creates a budgeting challenge for all DAOs (or their operating agents), as adjusting the fees to match the reality of program operating costs is a cumbersome process that can take months, or even years. This can leave the programs in a serious deficit situation in the event that program costs exceed the amount of fees collected. In the past, this has also led to the accumulation of significant program surpluses, as the DAOs are reluctant to lower fees in anticipation of future cost increases. In the case of the beverage container recycling program, ADFs are adjusted on a regular basis without any requirement for legislative or regulatory changes.

Responsible Management: DAOs that are managing programs on a daily basis are in the best position to determine the appropriate fees to charge to run their respective programs. Therefore, it is more efficient and effective to give these organizations the mandate to control the revenue stream required to carry out their program management role. This also prevents the impression that government is "raising taxes" when fees need to be increased, and instead places that responsibility where it belongs – with industry. The Environment Minister maintains the authority to approve business plans so this retains the important government oversight that provides public accountability.