Department of Environment and Conservation

3.2.2 Contaminated Sites (2002 Annual Report, Part 2.8)

Introduction

In 2002, we performed a review of contaminated sites. The objective of the review was to determine whether contaminated sites were adequately controlled and managed. As a result of our review, we recommended that the Government establish a central inventory for contaminated sites which would facilitate the identification of future remediation costs. In its response, the Department indicated it supported the establishment of a registry and agreed that management of contaminated sites could be improved; however, this was a function of available resources.

Update

In October 2004, we contacted the Department of Environment and Conservation requesting an update as to the progress on the comments included in our 2002 report and whether or not any action has been taken to establish a central inventory for contaminated sites to facilitate the identification of future remediation costs.

The Department indicated that in 2003 it set up a registry and database for the management of environmental sites, including contaminated sites and remediated sites. The Department also indicated that the registry and database contains those sites that are managed by the Waste Management Section of the Pollution Prevention Division, as well as some data for some but not all sites managed by the Government Service Centres. Information on other sites will be put in the database once it becomes available.

3.2.3 Multi-Materials Stewardship Board (2002 Annual Report, Part 2.9)

Introduction

In 1996 Government established the Multi-Materials Stewardship Board (MMSB) to manage the Beverage Container Control Program and the Newfoundland and Labrador Waste Management Trust Fund. The Board's mandate was to support and promote the protection, enhancement and wise use of the environment through waste management programs.

Under the Beverage Container Control Program, which was established on 15 January 1997, the consumer pays a deposit on specified beverage containers. Upon returning a beverage container consumers receive a portion of the deposit.

In addition to paying refunds to consumers, deposits, along with proceeds from the sale of collected containers, are used to support the operating costs of the Beverage Container Control Program. All excess monies are to be paid into the Newfoundland and Labrador Waste Management Trust Fund as directed by Government. This Trust Fund was established for the purpose of providing funds for Government approved waste management initiatives and is administered under the *Waste Management Act*. From 1998 to 2002, MMSB collected $61.7 million in deposits for beverage containers, paid $45.4 million in operating and administration costs leaving net earnings of $16.3 million. During the same period, $1.7 million was paid to MMSB, $7 million was allocated to the Trust Fund which left an accumulated surplus in the Beverage Container Control Program at 31 March 2002 of $7.6 million.

In April 2002, MMSB, on Government's direction, implemented a Used Tire Recycling Program under the authority of the *Waste Management Act* regulations. Used tires were no longer permitted to be disposed of in landfills throughout the Province. All new and used tire suppliers were required to be registered and to collect a levy of $3 per tire for each tire equal to or less than 43.18 centimetres and $9 per tire for tires more than 43.18 centimetres and less than 63 centimetres. These amounts were levied to cover the cost of collection, storage, transportation, processing and disposal of used tires collected.

In 2002, we performed a review of the Multi-Materials Stewardship Board and the Newfoundland and Labrador Waste Management Trust Fund. The objectives of our review were to:

- review the Board's Progress in achieving established target recovery rates for beverage containers in the Province;
- review recycling contracts awarded by the Board to determine whether the Board is complying with the *Public Tender Act*; and
- determine whether monies disbursed from the Trust Fund were in accordance with Program guidelines and legislation.

Our 2002 review concluded the following:

Multi-Materials Stewardship Board

In 1996, Government established target recovery rates for beverage containers sold ranging from 50% for 1997 to 80% for 2000. Despite initiatives by Government aimed to increase the recovery rate, the actual recovery rate for 2002 was 61%, well below the target of 80%.

In delivering the Beverage Container Control Program, the Board had entered into several contracts. The Board did not always comply with the *Public Tender Act* in awarding these contracts.

There were problems encountered in obtaining a contractor to carry out collection, transportation and processing activities relating to the Used Tire Recycling Program. The initial contract was awarded in February 2002 but in May 2002, this contractor withdrew from the contract citing difficulties in establishing their planned collection system. In June 2002, a second proposal call was issued. There was only one proposal received which included all the required information. An evaluation committee of the Board assessed this proposal and advised the Minister of Environment not to accept it. In August 2002, the Deputy Minister of Environment advised the Board of the Department's decision to award the contract to the only bidder. Board officials indicated that although they were informed that the decision had been approved by the Minister and Cabinet, they were not provided with any explanation as to how the Board's concerns with the proposal had been addressed.

Newfoundland and Labrador Waste Management Trust Fund

Although the Board and the Department had established guidelines to determine eligibility for project funding, we found instances where projects were approved directly by the Minister without any assessment being completed by the Board to determine whether the project met these guidelines.

Project sponsors were not always complying with contribution agreements in that they had not always provided adequate documentation to support expenditures, other sources of funding, and in-kind support.

Update

In October 2004, we contacted the Multi-Materials Stewardship Board requesting an update as to the progress on the comments and recommendations included in our 2002 report. The information provided by MMSB in response to our request is outlined below.

2002 Recommendation

The Board should continue efforts to improve the actual beverage container recovery rate.

Action Taken

The Board indicated that the beverage container recovery rate has improved significantly since the introduction of the program in 1997, from a 40% recovery rate to a rate approximating 69% in 2003. While the original target was established at 80% in 1997, MMSB's Board of Directors have adjusted the target to 70%, taking into account the need to optimize performance in relation to various financial, operational, and strategic waste management considerations. The Board indicated that it is important to recognize in this regard that the current program, with its existing cost structure, is not sustainable financially if the recovery rate exceeds 75%. As well, important complementary waste management initiatives delivered through the Newfoundland and Labrador Waste Management Trust Fund can only be supported and sustained if the beverage container recovery program continues to generate a surplus (i.e., if it operates at a recovery rate of less than 75%). The Board also noted that a 70% diversion target for beverage containers significantly exceeds the overall 50% waste reduction/diversion target established in the Provincial Waste Management Strategy and that the Minister of Environment and Conservation has formally endorsed this new target in MMSB's strategic business plan.

2002 Recommendation

The Board should comply with the Public Tender Act.

Action Taken

The Board indicated that the *Public Tender Act* continues to govern all procurement actions and decisions taken by MMSB. Consultations with the Government Purchasing Agency are undertaken on a regular basis to ensure that proper protocol and procedures are followed at all times.

2002 Recommendation

The Board should ensure project sponsors comply with the provisions of contribution agreements.

Action Taken

The Board indicated that this continues to reflect Board policy and staff remain diligent in carrying out a compliance monitoring function.