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User Pay for Residential Waste Pickup in Ontario (Research Alert)

This research alert, reprinted from an article in Solid Waste and Recycling Magazine, provides an overview of the growth of user-pay for residential waste pickup in Ontario, including pricing. It was written by Maria Kelleher and John Dixie Enviros-RIS, based on surveys they conducted.

Getting Informed

In the summer of 1996, Resource Integration Systems Limited (now Enviros-RIS) conducted a survey of the status of user-pay systems in Canada. A summary article was published in the inaugural issue of Solid Waste and Recycling magazine. (See August/September, 1996 edition.) Four years later user pay has moved along at a steady pace, and for a number of reasons. Municipalities see that user pay makes residents more aware of the costs of waste management. Some see it as a means of financing some or all of the waste management system. Others focus on the dramatic decrease in garbage quantities that can result when programs are implemented. Whatever the reasons, the numbers are increasing.

There were about 120 user-pay programs across the country in 1996, mostly in B.C. and Ontario. Today, there are more than 200 programs. Most of the growth has occurred in Ontario where there were 59 user-pay programs in 1996 (all of which were implemented between 1991 and 1996) and over 100 today.

The additional programs have mostly been implemented in communities with 25,000 or more residents. In the early years, user-pay programs were found only in smaller communities and there was some doubt that the approach could be implemented in larger centres. The trend changed when some larger municipalities such as Barrie, Stratford, Niagara Region, Northumberland and Georgina moved forward. Georgina was the first municipality in the Greater Toronto Area to implement a user-pay system. This was precipitated by a crisis when the local landfill closed and the costs of the waste management system increased substantially. Implementation of user pay substantially decreased the amount of waste picked up for which tipping fees had to be paid.

In addition to traditional "bag tag" user-pay programs, municipalities are introducing many variations on the user-pay theme, from flat fees that cover part of the municipal waste service to the outright removal of certain services (in particular bulky goods collection) from the tax base. Bulky goods are handled for a separate fee in many jurisdictions or people are simply given a list of contractors who will remove the material for a fee.

In Stratford, the removal of bulky items such as couches requires a $10 tag and the City charges $22 for removal of white goods. This trend reflects actual handling costs that were previously absorbed by the waste collection service. The City of Barrie no longer collects bulky items at the curb. The Town of Markham provides residents with a list of contractors who will handle old appliances on a fee for service basis. Some municipalities started this approach when CFC removal increased the handling costs and requirements for fridges, then realized it was a good idea in general.

Fees and bag limits
In addition to increases in their number, the range of user-pay system types has widened significantly across Canada. Bag fees vary widely and are a function of how the waste management system is financed. In one province alone, the tags for extra bags of garbage cost 50 cents, 75 cents and $2 (in Headingly, Portage la-Prairie and Stonewall, Manitoba respectively). Most bag tags in Ontario cost

between one and two dollars.

Some municipalities impose flat fees for a certain level of service, whereas others use flat fees to cover part of the costs. For example, Edmonton imposed a flat fee of $5 per household on single-family homes and $3.25 per household on multi-family homes across the board a few years ago. The City considered this approach easier to administer than variable-rate charges. Four years later, the fees are $8 for single-family homes and $5.20 for multi-family homes. In 1999, Edmonton financed 43 per cent of its waste management program from these flat fees, 46 per cent from the tax base and 11 per cent from other sources. Council has twice voted against a full user-pay system. Meanwhile, in Yellowknife, a monthly $10 "baling fee" has been added to the water bill to cover the cost of a new baler at the landfill. Whitehorse charges two separate flat fees: $5.25 per month for garbage collection and $2 per month for disposal. In Northumberland, Ontario, a $30 annual fee covers recycling and each bag of garbage must bear a $1.50 collection sticker. It's worth noting that even with a sticker the maximum number of bags picked up in a given week is limited to 3 per location.

Many municipalities have introduced bag limits to get the message across that taxes or flat fees only cover a reasonable level of service and that the service is not limitless. The number of bags picked up each week varies from five in Red Deer, Alberta to ten in communities such as Halifax, St. Johns and Richmond Hill, Ontario. Most municipalities in the Greater Vancouver Regional District have a one- or two-bag limit. Toronto currently has a 12-bag limit and is looking at the possibility of reducing this to six. The Region of Peel, Ontario does not currently have a bag limit but will contemplate a 3-bag limit this year. Hamilton has a 9-bag limit and Oshawa limits collection to eight bags each week.

Variations

Orillia takes a novel approach to get the message across about service limits. Last year, 52 tags were delivered at no charge to each household at the beginning of the year. This allows residents to "ration" the way in which they use the garbage collection service. Obviously, tags aren't used when people are away; extra tags may be needed during the holiday season. Orillia reduced the number of tags to 40 per household this year.

In 1996 the City of St. Albert, Alberta, was the first community in Canada to introduce a subscription system wherein residents decide on the level of service they want and pay the associated flat fee. This is similar to a number of programs in the U.S., the best known being Seattle. Over time, the rates required to finance St. Albert's system were adjusted along with service levels. (This is similar to what Seattle experienced with its can subscription system.) The initial St. Albert program fee options were 33 gallons for $3/month, 64 gallons for $6/month and 96 gallons for $9/month. Residents quickly made it clear that they wanted the option of using bags and the system was modified to reflect the fact that one can is equivalent to about two bags. In 1999, the monthly fee structure was modified to one can (or two bags) for $4.50, two cans (or four bags) for $9, and three cans (or six bags) for $13.50. In May 2000 the rates allowed a one-bag option for $4.55 per month. The rate for one can (or two bags) is now $7.25 each month. Collection of two cans (or four bags) costs $12.65 and three cans (or 6 bags) costs $18.05.

Some communities charge flat fees to cover all waste management services. In PEI, municipalities typically charge $60 to $70 per year for garbage collection. People living in communities that get curbside garbage, recyclables and organics collection typically pay about $110 annually. The flat annual fee charged by communities in the Capital Regional District (CRD) in British Columbia ranges from $67.50 in Sidney to $155 in Alpine. Residents of the City of Victoria pay a flat annual fee of $147 per household for curbside recycling and garbage pick-up. This covers one bag per week and extra bags cost three dollars (very few extra tags are sold).

In a nutshell, it looks like some form of visible pricing structure for residential solid waste management services is here to stay and will become increasingly popular in Canadian municipalities. Two hundred successful systems are in place, with the numbers growing annually. The variety of approaches and combinations from one community to another suggests that there is no one-size-fits-all approach to user-pay systems and that each community must design a program that best suits its own objectives and needs. Experience to date also shows that modifications and system design changes are needed to change circumstances.

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