

NOVA SCOTIA MILK PACKAGING STEWARDSHIP AGREEMENT

This Stewardship Agreement effective this 1st day of February, 2000, in the Province of Nova Scotia.

BETWEEN

Nova Scotia Department of the Environment (hereafter referred to as Environment) represented by the Minister of Environment.

AND

Atlantic Dairy Council - Nova Scotia Milk Processors' Division (hereafter referred to as ADC) represented by the Chairman, Nova Scotia Milk Processors' Division.

AND

Nova Scotia Solid Waste Management Regions represented by the Chairman, Regional Chairmen's Committee.

PURPOSE

The overall purpose of this agreement is to enable the dairy industry to address current and future packaging forms, in a manner that can accommodate a shift in packaging and technology.

As a component in an overall approach to address the challenges involved in sustaining the environment, product stewardship involves the constructive involvement of producers and marketers in the management of solid waste. By seriously considering the waste management aspects of their products and packaging, industry can contribute by:

- 1. Integrating recycling considerations into the manufacturing and packaging process.**
- 2. Provide technical research into reprocessing waste materials.**

- 3. Provide funding assistance for municipal solid waste management as it relates to dairy packaging recycling.**
- 4. Integrate secondary resources into the manufacturing and/or packaging process.**
- 5. Provide industry leverage to enable the recycling message to reach the entire audience of potential recycling participants.**
- 6. Maintain an ongoing information scan and research process to ensure that all pertinent information with respect to reduction, reuse, and recycling is maintained. Packages which today may appear to be unfriendly may, in fact, in future be the most practical.**
- 7. Ongoing public relations is a critical feature in ensuring that the recycling process will succeed in the long term. Industry can support public education with respect to recycling, in general, and the industry's own product and/or packaging, in particular.**

This agreement further recognizes that Government and industry have successfully established a spirit of co-operation during the development of a Dairy Industry Stewardship Agreement.

DAIRY INDUSTRY STEWARDSHIP PRINCIPLES

- 1. The Nova Scotia Milk Processors will take responsibility for their packaging in Nova Scotia.**
- 2. The Stewardship Agreement provides for annual monitoring by industry in order to allow the opportunity of reviewing and adjusting system costs.**
- 3. Milk packaging will be managed and recycled in a manner consistent with that which will apply, in time, to all food packaging. Milk is a food, and its packaging will be treated as all food packaging will be eventually treated.**
- 4. Milk is an essential food and, as such, is on the tables of most Nova Scotians. Milk packaging recycling will be controlled by this Industry Stewardship Agreement and will be excluded from the provincial deposit system.**
- 5. Where possible, this Stewardship Agreement will make use of existing infrastructure in Nova Scotia.**

MANAGEMENT REVIEW

The parties agree that it is appropriate to maintain a management information system that enables the determination of the cost of recycling each individual format.

A well constructed management information system (there are those which already exist) will identify savings and how they can be obtained. The system will identify actual costs incurred in the recycling process. The Stewardship Agreement applies to costs incurred, in an efficiently managed system.

The ADC will annually review with the Department of the Environment and the Chairman of the Regional Chairmen's Committee the effectiveness and performance of the system.

Municipalities will track their recycling quantities and their reports will be reviewed by the Regional Waste Chairman and Regional Co-ordinators. Each Waste Management region will receive the same amount per metric ton of milk packaging recycled.

Side panel advertising has a value, and based on the number of cycles this advertising appears on packaging, this value will be recognized as an input by the dairy industry. Each dairy will carry side panel advertising at a frequency of two to three cycles per year, in addition to the funding agreement covering waste management cost.

FUNDING

- 1. The industry is prepared to provide funding to Waste Management Regions participating in solid waste management and the recycling of milk packaging.**

Industry will:

- A) make specific financial contributions to Waste Management Regions to offset the cost of managing milk packaging;
 - B) ensure agreement from member processors to pro-rate their contribution in proportion to their sale of products in Nova Scotia.
2. Costs associated with milk packaging, waste management and recycling, will be assessed on a per litre basis of the current processed fluid milk volume in Nova Scotia, as determined and reviewed annually by the Nova Scotia Dairy Commission.
 3. The Nova Scotia Dairy Commission will ensure that a condition of distributor licensing be participation in the industry Stewardship program, or provision of an independent Stewardship program acceptable to the Nova Scotia Department of the Environment.
 4. The Nova Scotia Dairy Commission will collect the milk packaging environmental fee from Nova Scotia processors as part of a routine reporting process already in existence, using the class one category as the category on which funding is based. This will be re-evaluated every year to determine if the mix of products is changing in a material fashion.
 5. The Stewardship Agreement will commence at a level with the current actual cost outlined by the Chair of the Regional Chairmen's Committee on September 1, 1999(see Appendix II). As the recycling program gains strength, costs may vary and therefore a regular Management review will take place to ensure that the Stewardship Agreement stays current with costs.

AGENT FOR DISBURSEMENT OF FUNDS

The Nova Scotia Dairy Commission will transfer monthly the funds to the agent whose task will be to distribute those funds to Waste Management Regions.

The agent may be the Resource Recovery Fund Board, or the Atlantic Dairy Council, or the Nova Scotia Department of Environment. The agent will be appointed annually by the parties to the agreement in the course of the annual management review.

TIMING

1. Funding will commence February 1, 2000 with the first disbursement made

for the stub period February 1, 2000 to July 31, 2000, after the end of the July 31, 2000 dairy year. Thereafter, funding will be disbursed annually after the conclusion of each dairy year.

2. Annual management reviews will be concluded before the end of the Dairy Year, which is July 31st.

TERMS OF THE AGREEMENT

1. This Agreement shall be non-lapsing, but will be subject to annual review. Change to the terms, including those party to the Agreement, may be proposed by the signatories but must be approved by all parties.
2. Actions and agreements made pursuant to this Agreement are attached as appendices.
3. To facilitate addition to appendices to the Agreement, a document appended will be endorsed by a Director of Environment, Chairman of Nova Scotia Milk Processors' Division, ADC, and Chairman of the Regional Solid Waste Chairmen's Committee.
4. This Agreement may be terminated by any of the signatories with a minimum of six months' notice before the end of the Dairy Year.

Melvin MacConnell, Chairman
Nova Scotia Milk Processors' Division
Atlantic Dairy Council

Date

Richard Cotton
Chairman, Regional Chairmen's Committee

Date

John E. Chataway, Minister
Nova Scotia Department of the Environment

Date

APPENDIX I

It is agreed that ADC provide, at a minimum, a 9cm x 12 cm side panel space on all 2 litre milk cartons for the purpose of advertisements related to waste diversion in Nova Scotia. The messages will be developed jointly by the Nova Scotia Department of the Environment (DOE) and ADC.

It is agreed that ADC forward a bi-annual schedule outlining the estimate timetable the ads will appear on the 2 litre milk side panel. The ads will appear on each of the participating industry's 2 litre milk containers for a minimum of 2-3 cycles per year.

It is agreed that ADC provide the necessary resources to develop side panel advertisements with the DOE to the level of graphic design in a software format agreed to by all involved.

**Melvin MacConnell, Chairman
Nova Scotia Milk Processors' Division
Atlantic Dairy Council**

Date

**Richard Cotton
Chairman, Regional Chairmen's Committee**

Date

**Gerard MacLellan, Chairman
Solid Waste-Resource Management
Implementation Committee**

Date

APPENDIX II

NOVA SCOTIA DAIRY INDUSTRY STEWARDSHIP AGREEMENT

ANNUAL FUNDING ALLOCATION

Commencing in 1999, on or before October 31st of each year, the Regional Chairmen's Committee, representing the seven waste management regions of the province, will submit to the Atlantic Dairy Council and the Nova Scotia Department of the Environment the total gross municipal costs of, and the total tonnes of gable top milk cartons recycled the previous fiscal year in municipal recycling programs in Nova Scotia.

The total tonnes of gable top milk cartons sold retail or processed at the wholesale level in the province, divided by the total tonnes recycled for the same fiscal period is equal to the diversion recycling rate in Nova Scotia. Subject to review and acceptance by the Atlantic Dairy Council and the Nova Scotia Department of the Environment of the gross municipal costs and tonnes recycled, the Atlantic Dairy Council will issue an annual funding allocation to a disbursement agent who will distribute the funds to each of the seven waste management regions based upon the tonnage of gable top milk cartons recycled in each region for the same fiscal year, on or before August 31st of that year.

Melvin MacConnell, Chairman
Nova Scotia Milk Processors' Division
Atlantic Dairy Council

Date

Richard Cotton
Chairman, Regional Chairmen's Committee

Date

Gerard MacLellan, Chairman

Date

**Solid Waste-Resource Management
Implementation Committee**

NOVA SCOTIA DAIRY INDUSTRY STEWARDSHIP AGREEMENT
FUNDING SCHEDULE

Issue Date: December 17, 1999

<u>YEAR</u> <u>April 1 to Mar.31</u>	<u>RECYCLING RATE</u>	<u>COSTS</u>	<u>MANAGEMENT</u> <u>REVIEW PERIOD</u>	<u>“DAIRY YEAR”</u> <u>PAYMENT PERIOD</u> <u>FOR DAIRIES</u>	<u>FUNDS TRANSFERRED</u> <u>TO WASTE MANAGEMENT</u> <u>REGIONS</u>
Apr.1/97 - Mar.31/98	13.5 million gable tops=22.5%	\$275,000	Sept.99-Dec.99	Stub Period to July 31,2000 Aug.1/2000 - July 31/2001	Stub Period ended July 31, 2000 by Aug.31/2000 Aug.1/2000-July 31/2001 by Aug.31/2001
Assuming an annual increase of 20% for FY 99/00, FY 00/01 and 10% for FY01/02, and a 5% increase for subsequent years.					
Apr.1/98 - Mar.31/99	16.2 million gable tops = 27%	\$330,000	Sept.2000-Dec.2000	Aug.1/2001-July 31/2002	By August 31, 2002
Apr.1/99 - Mar.31/00	19.4 million gable tops = 32.3%	\$396,000	Sept.2001-Dec.2001	Aug.1/2002-July 31/2003	By August 31, 2003
Apr.1/00 - Mar.31/01	23.28 million gable tops = 38.8%	\$475,200	Sept.2002-Dec.2002	Aug.1/2003-July 31/2004	By August 31, 2004
Apr.1/01 - Mar.31/02	25.60 million gable tops = 42.6%	\$522,720	Sept.2003-Dec.2003	Aug.1/2004-July 31/2005	By August 31, 2005
Apr.1/02 - Mar.31/03	26.88 million gable tops = 44.6%	\$548,856	Sept.2004-Dec.2004	Aug.1/2005-July 31/2006	By August 31, 2006
Apr.1/03 - Mar.31/04	28.22 million gable tops = 47.03%	\$576,298	Sept.2005-Dec.2005	Aug.1/2006-July 31/2007	By August 31, 2007