

**ARBITRATION TO DETERMINE
THE 2014 STEWARD OBLIGATION FOR THE BLUE BOX PROGRAM**

BETWEEN:

**ASSOCIATION OF MUNICIPALITIES OF ONTARIO and THE CITY OF
TORONTO**

Applicants

- and -

STEWARDSHIP ONTARIO

Respondent

REPLY AFFIDAVIT OF PETER HUME

1. My name is Peter Hume. This affidavit is further to my affidavit of April 4.
2. Paragraph 166 of the Stewardship Ontario affidavit filed by Glenda Gies refers to my letter of March 4, 2010 (Tab 131 of the Applicants' Documents), in which I wrote to SO commenting on certain aspects of the draft Blue Box Program Plan that Stewardship Ontario was proposing at the time.
3. This draft plan was never approved by the Minister of the Environment and did not come into effect.
4. This particular letter was addressing one specific issue, namely how the revised BBPP would meet the Minister's diversion target of 70% and how that diversion was to be calculated. It does not represent the totality of AMO's comments on the draft BBPP, nor on the Blue Box program as a whole.
5. My letter emphasized that Ontario needed an approach that would achieve the diversion target without increasing the actual cost to municipalities.
6. My letter was not a concession that the cost negotiation process was lawful or fair; this simply was not the battle that we were fighting in this letter. AMO was always operating with very limited resources, and we could only fight on a limited number of fronts at once. The annual negotiations were the reality of how things were done at that time. Ms. Gies had insisted that AMO follow this process.

despite challenges by municipal representatives – see, for example, the January 2010 MIPC minutes, (Tab 296 of the Applicants' Documents).

7. This letter did not represent a change in AMO's long standing position that municipalities are entitled to 50% of the net costs that they actually incur to divert Blue Box waste from landfill, nor did I have authority to change that position.
8. My letter continued our claim for 50% of actual costs on the last page, where I noted that we currently recover only 39% of our actual costs in cash, *because of* the newspaper and CIF deductions:

Plastic material is bulky and has the highest net costs of any material stream. Processing this material will result in approximately \$10 million in additional net costs. Under the current funding formula, municipalities will only receive \$3.9 million in direct reimbursements *after deduction of the CNA/OCNA in-kind funds and contributing to the CIF*. The presumption that it is acceptable to impose more financial burdens on municipalities and to leverage funds from the CIF to develop solutions is unacceptable to AMO. The Association of Municipalities of Ontario supports the concept of increased diversion but not at additional cost to municipalities.

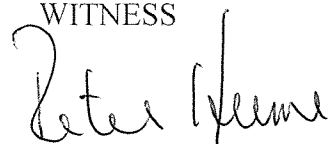
AMO supports the MOE goal of 70% diversion by year end 2011 but has grave concerns with the proposal of the draft BBPP that the majority of the financial burden for this increase should come from municipal funds. Until the institution of full Extended Producer Responsibility (EPR), *municipalities will continue to pay for approximately 62% of the actual costs of processing these materials....*

9. I understand that this affidavit is sworn evidence to be offered to a legal tribunal deciding a question of great public importance. I have done my best to make this evidence as accurate and as truthful as I can. I intend to be bound by it.

Sworn or Affirmed before me
On May 6, 2014
at the City of Ottawa
in the Province of Ontario


Martin Dolan
A Commissioner, etc.

WITNESS


PETER HUME