Groups that collect eco fees should come clean about consultants: critics

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Opposition parties are calling on provincial bodies that collect Ontario's eco fees to come clean about how they're spending the millions of dollars they receive each year, including how much they're paying for consultants.

Even though Stewardship Ontario and Ontario Electronics Stewardship (OES) are not-for-profit corporations and don't receive government funds, the public has a right to know how they're spending the fees they're collecting, said Progressive Conservative Lisa MacLeod.

"Since these fees are mandatory, it is a tax," she said. "And I think most Ontario taxpayers understand that their money is being used to fund these organizations. So it is, effectively, their tax dollars."

Stewardship Ontario landed in hot water earlier this month when, with little warning, eco fees that fund a recycling program for potentially hazardous products were slapped on thousands of new household items, such as fire extinguishers and laundry detergent.

Environment Minister John Gerretsen was forced to drop the fees amid complaints from both businesses and consumers, but taxpayers are still on the hook for the estimated $5 million it will cost to keep the program running while it's being revamped.

Consumers are the ones who end up paying for recycling, so it's only fair that stewardship organizations abide by the same rules that apply to the public service and provincial agencies, said NDP environment critic Peter Tabuns, who has worked in the non-profit sector.

"In the end, they get to levy very substantial fees on the public," he said. "They need to be transparent and rules governing their expenditures need to be ones that protect the public."

Both organizations publish their audited financial statements each year in their annual reports. But unlike arm's-length government agencies like eHealth Ontario - whose scandal over untendered contracts to consultants dogged the Ontario Liberals last year - neither body is required to meet the same strict rules on the use of consultants and expenses.

Stewardship Ontario and OES has employed consulting company StewardEdge for years, but it's unclear how much was spent.

Stewardship Ontario declined to comment on what StewardEdge did for them or what the company was paid.

"Because Stewardship Ontario is a private company, I can tell you that they are a service provider to us," said spokeswoman Amanda Harper Sevonty.

"But our relationship and our business with our service providers is confidential, so I can't really give you any details about the work that goes on or what they actually do for us."

OES executive director Carol Hochu said StewardEdge was hired in June 2007 after winning a competition, but didn't go into specifics about what services they provided.

StewardEdge president Derek Stephenson provided more details about the company's work for both organizations, from implementing recycling programs, conducting surveys, helping with communications and running call centres.

Stewardship Ontario, which started in 2004, began working with Stephenson when he was with Corporations for Supporting Recycling, a not-for-profit corporation that was hired to administer the Blue Box program. He served as program manager, he said.

"In the beginning, the entire operation was run out of CSR's offices," Stephenson said in an interview. "And then as they grew up and pulled away, then they established their own offices up at Yonge and St. Clair."

Some employees then formed their own company, StewardEdge, in 2008, he said.

Since then, Stewardship Ontario has scaled back its use of StewardEdge considerably because it's hired its own staff to do the work, Stephenson said.

His company offers expertise in what it takes to motivate people to separate recyclable materials from their garbage, as well as the most efficient and effective recycling methods, he said. But it doesn't collect waste or process it.

"We invented the first Blue Box program in the world, and our sort of claim to fame has always been innovative ways to divert material from waste," Stephenson said.

But he declined to comment on what his company was paid for those services, saying he didn't want to disclose information that may fall under the organizations' client confidentiality rules.

"We have to just respect whatever the disclosure (rules are)," he said. "Because we handle information on behalf of client, we have to be very careful of whatever information we've got."

Stephenson said StewardEdge wasn't involved in the recent expansion of the eco fees July 1, which sparked a public uproar and a government retreat on the fees.

Ontario's stewardship organizations are run by the industry and regulated by the government. They collect fees from businesses to fund a recycling program for products that need special care, such as tires, paints and televisions.

It's up to the businesses - whether they're importers, manufacturers or brand owners - to decide whether they want to pass on the cost to retailers, who also have the option of passing on the cost to consumers.

They can disclose the fee at the cash register or embed it in the sticker price, which means consumers may not be aware how much they're paying.

Stewardship Ontario took in $25.6 million last year for a program that recycles household items that are potentially hazardous, such as paints and fertilizer.

It spent $6 million on program management, $1.3 million on program development and start-up and $1.9 million on shared promotion and education.

It's unclear how much OES took in from eco fees on electronics, because the most recent financial statements available are for 2008, before it started collecting fees.

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