

NO: **R245** COUNCIL DATE: **December 10, 2012**

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **December 4, 2012**
FROM: **General Manager, Engineering** FILE: **2320-20 (Garbage & Recycling)**
SUBJECT: **Development of a Packaging and Printed Paper Product Stewardship Plan**

RECOMMENDATION

The Engineering Department recommends that Council:

1. Receive this report for information; and
2. Endorse in principle Multi-Material British Columbia's (MMBC's) development of a "Packaging and Printed Paper Stewardship Plan" subject to resolution of concerns and refinements as generally described in this report.

INTENT

The purpose of this report is provide information regarding developments related to the May 2011 amendment by the Provincial government to the Recycling Regulation, which obligates industry to assume an Extended Producer Responsibility (EPR) role for packaging and printed paper products (PPP) across the residential sector.

DISCUSSION

The Province has been taking steps to transition responsibility for managing end-of-life products from local government and its taxpayers to industry and its consumers. Under this approach, producers assume responsibility for the collection and recycling of their products and packaging at end of life.

The BC Recycling Regulation (B.C. Reg. 449/2004) under the *Environmental Management Act* was amended in May 2011 to include Schedule 5 which defines the PPP category and makes industry responsible to design and implement an EPR program for PPP across the residential sector. This transfer of responsibility is intended to encourage producers of PPP to incorporate environmental considerations in the design of their products. From the perspective of the residential sector, packaging and printed paper entails all materials presently collected via residential curbside recyclables programs.

The Recycling Regulation further specifies that the PPP stewardship program must achieve, or be capable of achieving within a reasonable time, a 75% recovery rate. Currently it is estimated that approximately 200,000 tonnes of residential PPP were recycled in BC in 2011. It is estimated that this represents a recovery rate of between 50% and 57%.

Schedule 5 of the Recycling Regulation further requires that, as of May 2014, every producer of packaging and printed paper (PPP) products that wishes to sell, offer for sale or distribute their products to residents in British Columbia must operate, or be a member of, an approved plan concerning the end-of-life management of their products. The Regulation stipulates that producers wishing to receive BC Ministry of Environment approval for such a plan must submit their plan to the Ministry on or before November 19, 2012.

MULTI-MATERIAL BRITISH COLUMBIA (MMBC)

A PPP Stewardship Plan has been developed by Multi-Material British Columbia (MMBC) to comply with the subject Regulation. MMBC is a not-for-profit agency established under the British Columbia Society Act that was formed to develop, submit and implement a stewardship plan for PPP. MMBC is acting as a stewardship agency on behalf of producers as a means to discharge their obligations under Schedule 5 of the Recycling Regulation.

MMBC is governed by a Board of Directors comprising members appointed by the Retail Council of Canada, the Food and Consumer Products of Canada, the Canadian Federation of Independent Grocers, the Canadian Restaurant and Foodservices Association, Loblaw Companies Limited, the Overwaitea Food Group, Tim Hortons and McCain Foods.

MMBC initiated its process to develop an industry-led PPP stewardship plan in November 2011 with the intention of implementing a program by May 2014. The stewardship plan development process has involved consultations hosted by MMBC with stakeholder groups including residents, producers of PPP, local governments, private waste collectors and recycling processors, non-profit groups, and First Nations.

The following table provides key dates and activities that have been undertaken or are planned in relation to the development of the MMBC Stewardship Plan:

Table 1: MMBC Stewardship Plan Key Dates and Milestone Activities

Date	Activity
November 2011 to March 2012	Current state analysis and assessment of plan design options
April to August 2012	Organizing producers to support MMBC and the plan
September to December 2012	Consultation on stewardship plan development
October 2012	Draft stewardship plan posted for stakeholder review
October 29, 2012	Consultation meeting and webcast
November 19, 2012	Submission of stewardship plan to BC government
January 2013	Submission of updated stewardship plan following completion of consultation
February 2013 to May 2014	Prepare for implementation of the plan
May 19, 2014	MMBC stewardship plan launch
After May 19, 2014	On-going Implementation

STEWARDSHIP PLAN OVERVIEW

MMBC's Packaging and Printed Paper Stewardship Plan (the "Plan") was submitted to the BC Minister of Environment on November 19, 2012. A copy of the Plan is attached as Appendix I.

MMBC is allowing for additional comments to be submitted until December 14th 2012. Accordingly, Metro Vancouver will be hosting a workshop for municipal staff from across the Region on December 7th, 2012 to discuss any potential concerns related to the latest version of the Plan. Metro Vancouver will subsequently forward comments from its member municipalities to MMBC prior to the December 14th 2012 deadline.

The Plan is not exhaustive. It provides for a framework to commence the development of a detailed implementation strategy in consultation with impacted stakeholders over the course of the next 18 months, working towards a May 2014 launch date.

Recyclables Collection

MMBC's goal is to have all PPP supplied into BC households effectively collected and recycled. This will involve the continued operation of existing curbside recyclables collection programs in communities across the province and implementation of new curbside recyclables collection programs in areas where such programs do not currently exist but where curbside collection of garbage is currently provided. The producers of PPP, via MMBC, will offer financial incentives to collectors to operate these programs.

In municipalities such as Surrey, where curbside recyclables collection programs have been established for single and multifamily households, financial incentives will be provided for PPP collection, the funding of which will be covered by producers of PPP, represented by way of MMBC.

The financial incentives offered to municipalities will be established by MMBC as "market-clearing prices". A market-clearing price is defined as a payment available to a collection service provider, i.e. such as the City of Surrey, designed to stimulate collection activities and act as a market clearing mechanism. According to MMBC, the determination of the market clearing price across BC will be reviewed in the first and second quarter of 2013. Prices will likely vary by geographic area across the Province, i.e. the market clearing price for southwestern BC may differ from those established in central or northern BC.

Consistent with an outcomes-based approach to program operation, MMBC will pay municipalities once the PPP they have collected has been accepted for processing by a primary processor under contract with MMBC.

Municipalities will have an option to turn over their obligation for curbside recyclables collection services to MMBC. Under this circumstance, MMBC will issue a tender for collection services, will select a service provider to provide PPP collection services and will provide public education, promotion and management of the collection services through its own means.

Other Services for PPP

Depots: MMBC will offer to collection depots a financial incentive provided that the depot is able to comply with the collector qualification standards for PPP collection services related to the types of materials accepted from residents. Where a local government is the operator of a depot, an additional incentive will be offered to the local government to provide public education, promotion and first point of contact for collection service customers.

Streetscapes (public waste bins): To service streetscapes in areas that meet the reasonable access criteria, MMBC will offer a financial incentive to the related local government for the provision of services that include PPP collection services, public education, promotion and first point of contact for collection service customers.

Prior to offering local governments a financial incentive for streetscape collection services, MMBC will conduct an audit of PPP and garbage in existing streetscape collection programs and conduct one or more pilot projects to establish a preferred approach to streetscape collection and recycling services. Streetscape collection activities include collection of PPP generated by pedestrian traffic and by those participating in public events where waste management services are provided by local governments, rather than event organizers.

Where the local government declines the offer for streetscape collection services, MMBC may issue a tender for PPP streetscape collection services, select a service provider and provide public education, promotion and management of collection service customers through its own means, subject to reaching agreement with the local government on the management of the garbage component of the streetscape waste collection system.

Assessment and Impacts

Since the amendment to the BC Recycling Regulation, several local governments have raised concerns over the service levels and targets that will be included in PPP programs. These concerns include how MMBC will work with local governments:

1. to ensure there is not a decline in collection service levels;
2. as to how the interface with existing collection systems under union and procured service contracts will be managed;
3. as to how collected materials will be managed;
4. with respect to local capacity to manage any increase or decrease in collected materials;
5. as to how the implemented programs will incent producers to use more recyclable packaging; and
6. as to how local governments could be compensated for the capital investments that have been made in the existing collection infrastructure.

In response, the UBCM Executive approved the creation of a UBCM Packaging and Printed Paper Working Group, issued a call for nominations for representatives, and convened the first meeting in February 2012. The UBCM Packaging and Printed Paper Working Group is intended to:

1. provide a voice for local government on expectations of industry product stewardship programs for PPP;

2. provide information to build local government understanding of product stewardship as it applies to packaging and printed paper; and
3. build local government capacity to effectively negotiate community interests with the producers.

Local governments throughout BC have identified several key concerns and issues with respect to the new extended producer responsibility programs on PPP. These concerns pertain to:

- The scope of programs;
- Program design;
- Environmental impacts;
- Financial and service provision considerations; and
- The role of local government.

The “Packaging and Policy Paper Product Stewardship” Policy Paper, attached as Appendix II, was prepared by the UBCM Working Group and was presented at the 2012 UBCM Convention last September. The Paper discusses each of the above issues in detail and provides a series of recommendations pertaining to the design and implementation of the PPP stewardship program.

While the City supports many of the recommendations contained within the Paper, most of the recommendations have already been addressed within MMBC’s stewardship plan.

The Policy Paper recommendations with which the City has concerns are documented in the following table:

Category	Policy Paper Recommendation	City’s Comments
Program Scope	“That the target recovery rate identified in the Recycling Regulation apply to specific material categories as opposed to overall packaging composite.”	<ul style="list-style-type: none"> • Staff’s perspective is that MMBC is on the right track with respect to their goal of capturing as much packaging composite as possible provided that: <ol style="list-style-type: none"> a) it results in an overall increase to waste diversion; and b) materials introduced to recycling programs by way of the stewardship plan have appropriate established markets to purchase and reprocess the materials.
Funding	“That local government compensation for their assistance in, or management of, the product stewardship program be based on a local government’s true operating costs”.	<ul style="list-style-type: none"> • Staff does not consider this to be a reasonable requirement of MMBC. • MMBC should not be responsible to fully compensate municipalities for costs they do not control (i.e., even when the collection of recyclables is not undertaken efficiently and is very costly). • To ensure equity across local governments, compensation provided by the MMBC should be at a standardized amount.

Impacts of the MMBC Stewardship Plan

The development of the MMBC Stewardship Plan occurred over a relatively short period of time, commencing just one year ago in November 2011. Many of the concerns that have been raised by municipalities within the MV Region have been addressed by way of consultations undertaken by MMBC during the fall of 2012. These consultations included face-to-face meetings between MMBC and representatives of individual local governments, including the City of Surrey.

The current version of the Stewardship Plan offers benefits for recyclables management across BC that will ultimately:

- a) Shift some or all of the financial burden of recyclables collection and processing away from local governments and taxpayers to producers of PPP;
- b) Increase service levels for recyclables collection, drop off and processing; and
- c) Maximize recyclables recovery well beyond existing levels.

With respect to the City of Surrey, the impacts of the Plan will be mostly positive. Surrey's curbside recyclables collection program is delivered at a relatively low cost compared to the programs in other cities due to the efficiencies gained by way of:

- a) Biweekly City-wide collection;
- b) Single stream recycling service; and
- c) A cart-based containment system that maximizes household output volume.

In view of the fact that the City has just recently signed a long term (7-year) waste collection service contract with BFI Canada, the most appropriate approach for Surrey would be to accept compensation from MMBC for the existing service as opposed to turning the services over to MMBC.

While MMBC has not yet determined its compensation approach for local governments, based on the above factors, it is probable that the City's costs related to curbside collection services will be substantially offset by MMBC funding with no adverse impact to the current service.

Staff of the Engineering Department is working toward the development of an Eco-centre in collaboration with Metro Vancouver. Certain aspects of this future depot will include PPP drop off and management. Accordingly, the MMBC Stewardship Plan may present opportunities to leverage services at this depot directly by way of MMBC at no increased cost to the City.

The City has also recently commenced a pilot program for streetscape waste recycling, i.e. recycling receptacles at bus stops and high pedestrian corridors. The PPP Stewardship Plan should allow these services to be implemented on a City-wide basis using MMBC funding.

The Plan is focused on meeting the Recycling Regulation of 75% recovery of PPP and aligns with the Metro Vancouver Regional Solid Waste Plan to increase waste diversion to 70% by 2015. The Plan will also assist in achieving the objectives of the City's Sustainability Charter, which include increasing waste diversion by means of an economically balanced approach.

CONCLUSION

The Engineering Department recommends that Council endorse in principle Multi-Material British Columbia's (MMBC's) development of a "Packaging and Printed Paper Stewardship Plan" subject to resolution of concerns and refinements as generally described in this report.

Vincent Lalonde, P.Eng.
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VL/RAC/brb

Attachment: Appendix I: Packaging and Printed Paper Stewardship Plan
Appendix II: Packaging and Printed Paper Product Stewardship – Policy Paper

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Packaging and Printed Paper Stewardship Plan

November 19, 2012



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Packaging and Printed Paper Stewardship Plan

1. Introduction

The British Columbia (BC) Recycling Regulation (B.C. Reg. 449/2004 – the “Regulation”) under the *Environmental Management Act* requires that, as of May 2014, every producer¹ of packaging and printed paper (PPP) product that wishes to sell, offer for sale or distribute their products to residents in British Columbia must operate, or be a member of, an approved plan concerning the end-of-life management of their products. The Regulation further stipulates that producers wishing to receive BC Ministry of Environment approval for such a plan must submit their plan to the Ministry on or before November 19, 2012.

The proposed stewardship plan is unique in that it deals with the residential packaging and printed paper product category that is already being recovered at an estimated 50% to 57%² recycling rate through local government and not-for profit and private sector initiatives. This plan is different from other plans developed for BC where limited collection services or no collection services were in place prior to the material being added to the Recycling Regulation.

The PPP Stewardship Plan outlined in this document proposes to build on these existing services in order to minimize economic dislocation for those currently operating the system, to avoid confusion for residents, and to mitigate any potential temporary loss of environmental performance. Building on the current operating recycling system through development of commercial partnerships with existing economic players is considered the most responsible, economically efficient and environmentally prudent approach to maintaining and enhancing the recovery of residential PPP in BC.

2. The Stewardship Agency

This proposed stewardship plan for PPP has been developed by Multi-Material British Columbia (MMBC) pursuant to the requirements of the Regulation.

MMBC is a not-for-profit agency established under the British Columbia Society Act formed in anticipation of the requirement to develop, submit and implement a stewardship plan for packaging and printed paper. MMBC is acting as a stewardship agency on behalf of producers³ in order to discharge their obligations under Schedule 5 of the Recycling Regulation.

¹ Section 1 of B.C. Reg. 449/2004 defines "producer" of packaging and printed paper as,

- (i) a person who manufactures the product and sells, offers for sale, distributes or uses in a commercial enterprise the product in British Columbia under the manufacturer's own brand,
- (ii) if subparagraph (i) does not apply, a person who is not the manufacturer of the product but is the owner or licensee of a trademark under which a product is sold, distributed or used in a commercial enterprise in British Columbia, whether or not the trademark is registered, or
- (iii) if subparagraphs (i) and (ii) do not apply, a person who imports the product into British Columbia for sale, distribution or use in a commercial enterprise.

² Refer to the report titled the *Current System for Managing Residential Packaging and Printed Paper in BC*, March 2012.

³ Refer also to draft Definition of Producer for Purposes of Obligation and Reporting on MMBC website.

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MMBC is governed by a Board of Directors comprising members appointed by the Retail Council of Canada, Food and Consumer Products of Canada, Canadian Federation of Independent Grocers, Canadian Restaurant and Foodservices Association, Loblaw Companies Limited, Overwaitea Food Group, Tim Hortons and McCain Foods.

MMBC is acting on behalf of its members who are producers of PPP in submitting this stewardship plan. For the purposes of the PPP Stewardship Plan, the producer for a specific unit of packaging or printed paper is the supplier of service packaging or the first of the brand owner, the franchisor or the first seller (also known as the first importer).

3. Packaging and Printed Paper

In October 2004, the province passed the Recycling Regulation. In May 2011, the Regulation was amended to include Schedule 5 which added packaging⁴ and printed paper from residents and streetscapes⁵ as product categories.

3.1 Packaging

British Columbia's *Environmental Management Act* defines packaging as "a material, substance or object that is used to protect, contain or transport a commodity or product, or attached to a commodity or product or its container for the purpose of marketing or communicating information about the commodity or product".

Schedule 5 does not further refine the definition of packaging beyond that provided in the *Environmental Management Act* as described above.

Packaging for purposes of producer obligation and reporting⁶ under the PPP Stewardship Plan includes:

- (a) Primary packaging i.e. packaging that contains the product at the point of sale to the residential consumer;
- (b) Grouped packaging or secondary packaging that goes to the household⁷;
- (c) Transportation, distribution or tertiary packaging that goes to the household⁸;

⁴ Schedule 1 of the Recycling Regulation addresses beverage containers which are managed under a provincial deposit return program, with the exception of milk containers which are excluded from the deposit return program.

⁵ Refer to Section 3.3 for a description of streetscapes.

⁶ While producers of packaging described in Section 3.1 are responsible for contributing to the cost of providing reasonable access and achieving a 75% recovery rate, only those types of packaging for which there are recycling end markets are proposed to be collected from residents at program launch in May 2014. Refer to Section 4.1.

⁷ Multiple packages of product sold in a unit, often wrapped in film plastic.

⁸ May be both the primary packaging for the product and the packaged used to ship the product but is referred to as transportation packaging that goes home with the consumer. For example, household products packaged in corrugated boxes intended for final use or management by the consumer or end user.

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(d) Service packaging designed and intended to be filled at the point of sale and “disposable” items sold, filled or designed and intended to be filled at the point of sale such as:

- Paper or plastic carry-out bags provided at checkout;
- Bags filled at the shelves with bulk goods, produce, baked goods, etc.;
- Disposable plates and cups;
- Take-out and home delivery food service packaging such as pizza boxes, cups, bags, folded cartons, wraps, trays etc.;
- Flower box/wrap;
- Food wraps provided by the grocer for meats, fish, cheese, etc.
- Prescription bottles filled and provided by pharmacists;
- Paper envelopes for developed photographs;
- Gift wrapping/tissue paper added by the retailer; and

(e) Packaging components and ancillary elements integrated into packaging, including ancillary elements directly hung or attached to a product and which perform a packaging function unless they are an integral part of the product and all elements are intended to be consumed or disposed of together⁹.

For the purposes of the PPP Stewardship Plan, paper packaging means all paper materials regardless of the cellulosic fibre source of the material including but not limited to wood, wheat, rice, cotton, bananas, eucalyptus, bamboo, hemp, and sugar cane (bagasse) fibre sources.

The following items are **not** considered packaging for the purposes of the PPP Stewardship Plan:

- Beverage containers governed by Schedule 1 to the Recycling Regulation;
- Empty oil containers as defined by Schedule 2 of the Recycling Regulation;
- Empty¹⁰ architectural coatings, paint and stain containers as defined by Schedule 2 of the Recycling Regulation;
- Empty antifreeze containers as defined by Schedule 2 of the Recycling Regulation;
- Transportation and distribution packaging that is not intended primarily for use or management in the home, for example plastic pallet wrap;
- Industrial or bulk packaging that is not intended for sale or use by residents in the home;
- Other items that are not generally considered to be packaging such as accessories to the product that do not serve a packaging function (e.g., plastic cutlery, straws, paper serviettes) and packaging components sold as product (empty) to the end consumer (e.g., garbage bags, organic waste bags, food storage bags, food storage containers);

⁹ Examples of this kind of packaging include, but are not limited to: labels and lids hung directly on or attached to the packaging; mascara brush which forms part of the container lid; staples, pins, clips; toy on the top of a candy product which forms part of the lid; devices for measuring dosage that form part of the detergent container lid; plastic make-up case; brush contained in the lid of corrective liquid paper; zipper on a plastic film bag containing a product.

¹⁰ Empty container means a container that holds less than 3% residual by volume, as defined in Schedule 2 of the Recycling Regulation.

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items that constitute an integral part of the product (e.g., toner cartridges, single use cameras);

- Durable packaging, which is packaging that has a useful life of at least five years and is intended to facilitate storage or transport or to prevent the loss of product components for durable products and which remains with the product throughout its useful life (e.g., CD/DVD cases, packaging used to store pieces of a board game); and
- Wood, ceramic, crystal, rubber and leather packaging.

3.2 Printed Paper

Schedule 5 defines printed paper as “paper that is not packaging, but is printed with text or graphics as a medium for communicating information, and includes telephone directories, but does not include other types of bound reference books, bound literary books, or bound text books”.

For the purposes of the PPP Stewardship Plan, printed paper comprises any type of cellulosic fibre source including but not limited to wood, wheat, rice, cotton, bananas, eucalyptus, bamboo, hemp, and sugar cane (bagasse) fibre sources.

3.3 Sources of Packaging and Printed Paper

Under Schedule 5 of the Recycling Regulation, the packaging and printed paper program is to address residential premises and municipal property that is not industrial, commercial or institutional property.

Residential premises¹¹ are:

- Single-family dwellings inhabited year round or seasonally¹²; and
- Multi-family dwellings including rental, co-operative, fractional ownership, time-share, condominium and seniors residences¹³.

Municipal property that is not industrial, commercial or institutional property comprises the following which are collectively referred to as ‘streetscape’ in this stewardship plan:

- Sidewalks which are municipal property, which adjoin buildings in an urban commercial area and which are used for pedestrian traffic;

¹¹ Section 1 of the Recycling Regulation defines “residential premises” to include houses, apartments, condominiums, town homes and other premises in which persons reside but does not include institutional accommodations or visitor accommodations.

¹² Vacation facilities, such as hotels, motels, cottages and cabins which are operated as commercial businesses are not included.

¹³ Residences at which medical care is provided, such as nursing homes, long-term care facilities and hospices, are considered institutions.

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- Plazas or town squares which are municipal property and which are available to the public; and
- Parks which are municipal property.

4. Program Design

4.1 BC Packaging and Printed Paper Reverse Supply Chain

BC residents who participate in PPP recycling programs and collectors and processors of PPP can be characterized as a reverse supply-chain that moves PPP from residents to recycling end-markets. The reverse supply-chain comprises millions of BC residents served by hundreds of collectors who deliver PPP to dozens of PPP processors who then market the material to dozens of end-markets both in and outside of British Columbia.

Local governments are currently the primary drivers of residential PPP collection and recycling activity – they either deliver PPP collection and processing directly or contract for those services with private or not-for profit collectors and processors. In some cases, residents contract directly with private collectors for PPP collection or drop off PPP to private or not-for-profit depots for recycling.

Collection and processing of PPP involve varied and complex relationships between private, public and not-for-profit entities to move PPP from residents to recycling end-markets. The role that each plays is described below:

PPP collection is provided by:

- Local governments and First Nations governments delivering PPP collection services directly, supported by public education, promotion and first point of contact for collection service customers;
- Local governments and First Nations governments utilizing not-for profit organizations or private sector companies to provide the collection services, supported by local government or First Nations government delivery of public education, promotion and first point of contact for collection service customers;
- Private sector PPP collectors delivering collection services through subscription;
- Private depots receiving PPP delivered by residents; and
- Not-for-profit depots¹⁴ receiving PPP delivered by residents.

PPP processing is provided by:

- Local governments delivering PPP processing directly;

¹⁴ Not-for-profit depots may or may not have a funding relationship with their local government.

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- Local governments utilizing private sector PPP processors or not-for-profit organizations; and
- Private sector PPP processors which may be vertically integrated with collectors (i.e. the same company provides collection and processing services) or may provide processing services to local government collectors, private collectors, private depots and not-for-profit depots.

4.2 Packaging and Printed Paper Program Delivery Principles

Selecting the PPP program design has been driven by one overarching objective – continuous improvement in recovery effectiveness and efficiency without undermining existing PPP recovery efforts in British Columbia.

To achieve the objective of maximizing outcomes while minimizing dislocations, MMBC has developed the following market engagement principles to guide the development of the PPP stewardship plan:

- **Focus on outcomes, not process** – maximize recovery, maximize efficiency, enhance resident service levels while minimizing complexity;
- **Provide economic incentives and set simple rules** – effective economic incentives will drive behaviour that increases recovery activity throughout the PPP reverse supply-chain; simple rules will provide clarity and certainty to those collecting and recycling PPP;
- **Foster interaction, collaboration and competition to drive innovation** – innovation is the result of complex interactions of ideas and efforts among producers and private, public and not-for-profit entities with parties bringing together complimentary skills to collaborate and deliver more value; and
- **Set the stage for evolution** – harness existing activities and build on success through continuous improvement and use of economic incentives to increase collection of PPP and improve system efficiency.

4.3 Packaging and Printed Paper Program Delivery Overview

Under the Recycling Regulation, MMBC will assume responsibility for driving residential PPP collection and recycling activity in BC, effectively supplanting the role that local governments have historically played. Accordingly, at the outset, it is assumed that MMBC will largely assume responsibility for the existing BC PPP collection and recycling system and will set conditions for future improvements in effectiveness and efficiency of PPP recovery in BC.

The approach that MMBC has chosen to do this involves direct and separate interaction with collectors and processors based on two core elements:

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- An agreement between MMBC and each qualified collector and qualified processor setting out the activities to be performed and the outcomes to be achieved (e.g. collected tonnes successfully delivered to processors, households serviced, tonnes of PPP marketed, etc.); and
- Payment to the service provider upon verification that the outcomes specified in the agreement have been achieved.

The nature of the agreements and how the agreements are entered into differ between collectors and processors, as described below.

4.4 Collection of Packaging and Printed Paper from Residents and Streetscapes

The approach to delivery of PPP collection services¹⁵ is based on providing opportunity for those involved in the collection of PPP today to be part of the PPP collection system when producers assume responsibility for the PPP recovery system in May 2014.

Qualified collectors will be offered financial incentives for PPP collection¹⁶. The value offered will be established as market-clearing prices¹⁷. Consistent with an outcomes-based approach to program operation, MMBC will pay collectors once the PPP they have collected has been accepted for processing by a primary processor under contract with MMBC.

MMBC will establish a set of collector qualification standards¹⁸ that will include basic qualifications common to all PPP collectors today as well as additional requirements¹⁹ for tracking and reporting sources and quantities of collected PPP. Local governments, private companies and not-for-profit organizations that meet these collector qualification standards will be qualified as MMBC collectors, subject to the following approach.

MMBC will engage qualified collectors as follows:

- **Where single-family and multi-family residents deliver PPP to curbside²⁰ in areas that meet the reasonable access criteria²¹**

¹⁵ Also refer to Section 5.2 Accessibility.

¹⁶ The financial incentive will be offered for collection services. Collection services are distinct from post-collection activities which include receiving PPP from collection vehicles, picking up PPP from depots and consolidation and transfer where required.

¹⁷ A market-clearing price is a payment available to collection service providers (subject to executing an agreement to provide the collection service, comply with the collector qualification standard on a continuous basis, report specified data on a defined schedule) designed to stimulate collection activities and act as a market clearing mechanism.

¹⁸ Also refer to Section 4.6 Collector and Processor Qualification Standards.

¹⁹ Collectors will be required to provide free access for residents to the collection services being provided by the collector through its agreement with MMBC as part of the qualification standards.

²⁰ While the majority of PPP diverted is collected in dedicated recycling systems, some local governments accept specific types of PPP, such as soiled paper packaging, in organic waste collection programs. MMBC will undertake research to determine the quantity of PPP in organic waste collection programs and will, if the quantity is significant, develop a market-clearing price financial incentive reflecting the portion of PPP in the organic waste stream. Should local governments decline the offer, MMBC will not directly undertake collection of organic waste given the relatively small portion of PPP compared to food waste in this collection stream.

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- MMBC will offer a financial incentive to a local government or First Nation government for the provision of services that include PPP curbside collection services, public education, promotion and first point of contact for curbside collection service customers; and
- Where the local government or First Nation government declines the offer, MMBC will issue a tender for collection services, will select a service provider to provide PPP collection services²² and will provide public education, promotion and management of collection service customers through its own means.
- **Where multi-family residents deliver PPP to a central storage area accessible by all residents of the multi-family complex and collection occurs from this central storage area** MMBC will offer a financial incentive for multi-family building PPP collection services to any interested party that is able to comply with the collector qualification standards:
 - Where a local government accepts the offer of the financial incentive, an additional incentive will be offered to provide public education, promotion and first point of contact for collection service customers; and
 - Where a private company accepts the offer of the financial incentive, MMBC will provide public education, promotion and management of collection service customers through its own means.
- **To operate depots for receiving PPP from residents** generated from single-family and multi-family households MMBC will offer a financial incentive to any interested party that is able to comply with the collector qualification standards for PPP collection services contingent on the types of materials accepted from residents:
 - Where a local government accepts the offer of the financial incentive, an additional incentive will be offered to provide public education, promotion and first point of contact for collection service customers; and
 - Where a private company accepts the offer of the financial incentive, MMBC will provide public education, promotion and management of collection service customers through its own means.
- **To service streetscapes in areas that meet the reasonable access criteria²³**
 - MMBC will offer a financial incentive²⁴ to the local government for the provision of services that include PPP collection services²⁵, public education, promotion and first point of contact for collection service customers; and
 - Where the local government declines the offer, MMBC may issue a tender for PPP streetscape collection services, may select a service provider and may

²¹ Refer to Section 5.2 Accessibility.

²² MMBC will work with the local government to co-ordinate delivery of PPP collection service by MMBC and delivery of garbage collection service by the local government.

²³ Refer to Section 5.2 Accessibility.

²⁴ Prior to offering a financial incentive for streetscape collection services, MMBC will conduct audits of PPP and garbage in existing streetscape collection programs and conduct one or more pilot projects in order to develop a preferred approach to streetscape collection and recycling services.

²⁵ Streetscape collection activities include collection of PPP generated by routine pedestrian traffic and by those participating in public events where waste management services are provided by local governments, rather than event organizers.

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provide public education, promotion and management of collection service customers through its own means, subject to reaching agreement with the local government on the management of the garbage component of streetscape system.

Market-clearing prices are the prices at which the market will deliver the service required by MMBC. Setting appropriate market-clearing prices is important to drive effectiveness (i.e. collection of PPP), reward the efficient operator and encourage efficiency among other operators. An effective market-clearing price should reward and encourage continued efficiency by those who can deliver the service at less than the market-clearing price while encouraging initiatives to reduce costs where costs exceed the market-clearing price.

The financial incentives offered to collectors will be determined by establishing market-clearing prices for the collection of PPP from single-family and multi-family households at curbside, from multi-family buildings, at depots and through streetscape collection systems. Establishing the market-clearing prices for collection has two components:

- **A clear definition of the outcome being priced:** The market-clearing price can be set at a flat rate per tonne accepted for processing by a primary processor or at a flat rate per household serviced, or some combination. Market-clearing prices offered as incentives should drive behaviour to maximize PPP placed into the PPP collection stream rather than the garbage stream by all households serviced. Since MMBC's objective is to increase the collection of PPP, the market-clearing price will be benchmarked against a baseline performance standard²⁶.
- **The price level or quantity of financial incentive:** The price level will be determined through research into collection service performance (i.e. kilograms collected per household) and service delivery costs across British Columbia. The results of this research will be used to inform a market-clearing price for each type of service for which a market-clearing price will be offered. The market-clearing price will take into account cost drivers and may vary should these cost drivers vary across BC. The market-clearing price will be set taking into consideration any additional requirements of collectors as a result of the PPP Stewardship Plan.

Market-clearing prices may be stratified to accommodate circumstances, such as fuel prices, that change over time. As well, market-clearing prices may be reviewed in relation to the changing characteristics of PPP being supplied by producers to residents²⁷. Setting market-clearing prices to drive collection activities is an iterative process that will be monitored and adjusted to reflect changing conditions.

²⁶ Measured as kilogram per household served by dividing total tonnes collected by households served.

²⁷ Changes implemented by producers to the material utilized for packaging (e.g. plastic rather than glass) and/or to the design of a package or a printed paper product can increase the cubic volume of a tonne of PPP collected.

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4.5 Post-Collection

MMBC will contract directly for post-collection services which include all activities subsequent to the collection of PPP from BC residents through the collection channels described in Section 4.4. Post-collection activities include receiving PPP from collection vehicles, picking up PPP from depots, consolidation and transfer where required, handling and sorting PPP, preparing PPP for shipment to end-markets or downstream processors, marketing PPP to maximize commodity revenue, appropriately managing residual materials and reporting the quantities of material received and marketed and other metrics to MMBC as required.

Primary processors are considered to be the first receivers of collected PPP that market at least some types of processed PPP directly to end markets. Primary processors may engage sub-contractors to provide consolidation, transfer and transportation services to move PPP from the collection location to the processing facility. Primary processors may also engage secondary or downstream processors that can more efficiently or effectively sort, process and market some types of PPP.

MMBC will engage PPP primary processors on a contractual basis using the following process:

1. **Issue a Request for Expressions of Interest (REOI)** to PPP processors to gauge processors' capacity to receive, process and market a defined list of PPP received from collectors.
2. **Issue a Request for Proposals (RFP)** to PPP processors that are able to manage the defined list of PPP.

Processors will be provided with the names and locations of qualified collectors participating in the MMBC program. This information will allow processors to make arrangements with these qualified collectors as required in order to respond to the RFP.

The RFP will solicit information to allow MMBC to confirm a processor's ability to meet processor qualification standards set by MMBC. The RFP will also solicit bid prices for post-collection services, delivered in compliance with the processor qualification standards, including:

- Receiving PPP from vehicles operated by qualified collectors;
- Picking up PPP from depots operated by qualified collectors;
- Consolidating and transferring PPP from qualified collectors where required;
- Preparing PPP for shipment to end-markets or downstream processors;
- Marketing PPP to end-markets;
- Transferring PPP to downstream processors, as required;
- Appropriately managing residual materials;

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- Tracking materials received and shipped by the processor and its downstream processors to final destination; and
- Reporting to MMBC as required.

Processors will be qualified based on compliance with the processor qualification standards and evaluation criteria including but not limited to price, location, capability, capacity, output to recycling end-markets per tonne received and material revenue received. In assessing best value, MMBC will also consider the implications of processor and recycling-end market locations on its contract administration activities including, for example, audits and compliance.

In the contractual arrangement between MMBC and primary processors, primary processors will be tasked to find the “best” markets for materials (i.e. reliable markets that command the highest commodity prices) and the agreements will incorporate mechanisms to share market revenue and commodity risk. By building in opportunities for processors to benefit from maximizing commodity values, processors have a strong incentive to maximize both the amount of PPP marketed and its commodity value.

4.6 Relationship between Collectors and Processors

Collectors will have a contractual relationship with MMBC in order to receive the market-clearing price for the PPP collection services they provide to MMBC. Similarly, processors will have a contractual relationship with MMBC in order to receive payment for the post-collection services they provide to MMBC.

Collectors and processors are also able to establish relationships with one another. Arrangements between qualified collectors and processors will be left to the discretion of the parties through arrangements made in the free-market. These relationships are expected to be established, on a prospective basis, as processors prepare their bids to respond to the post-collection RFP.

A processor and collector may establish mutually agreeable terms that would take effect should the processor be selected by MMBC to provide post-collection services for the PPP collected by the collector. Such terms might include:

- Delivery procedures and freight arrangements;
- Consolidation and transfer arrangements;
- Capacity to receive materials for processing including service assurance;
- Material quality requirements including degree of commingling, material quality premiums and material contamination surcharges;
- Payments for services outside of MMBC’s scope of service such as management of ICI PPP;
- Other financial arrangements independent of MMBC; and
- Dispute resolution independent of MMBC.

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Free-market arrangements between primary processors and collectors offer the best opportunity to maximize the quality of materials received by primary processors and, in turn, maximize the quantity and quality of PPP marketed by processors. As collectors are remunerated by MMBC when primary processors accept their collected PPP, primary processors are able to provide collectors with a strong incentive to ensure that PPP is collected in a manner that maximizes material quality.

4.7 Collector and Processor Qualification Standards

Collector and processor qualification standards, including reporting protocols, are the minimum operating standards that a service provider must meet on a continuous basis in order to be eligible to provide collection, depot operation and/or processing services under a contract with MMBC.

Qualification standards will be used by MMBC to support the continued growth of a safe, stable and sustainable PPP collection and processing system across British Columbia. MMBC will incorporate qualification standards into requests for expressions of interest (REOI), request for proposals (RFP) and into agreements with collectors and processors.

Qualification standards²⁸ will set out basic requirements, such as free collection service to residents, proof of all necessary licenses and permits, compliance with health and safety requirements and specified liability and business insurance coverage. Qualification standards will also include reporting requirements to allow MMBC to meet its reporting requirements to the MOE.

Collectors will be required to report data such as:

- Number of single-family and multi-family households served with curbside collection;
- Number of multi-family buildings and households served with multi-family building collection;
- Number of single-family and multi-family households served by depot collection;
- Number of streetscape collection locations;
- Tonnes of PPP collected through curbside, multi-family building, depot and streetscape collection; and
- Tonnes of PPP delivered to each processor under contract to MMBC.

Processors will be required to report data such as:

- Tonnes of PPP received from each collector under contract to MMBC and, of this amount, tonnes of PPP delivered to downstream processors and recycling end-markets by material type;

²⁸ Qualification standards for collectors and processors will be subject to consultation following submission of the PPP Stewardship Plan.

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- Names and locations of recycling end-markets receiving PPP from the primary processor and downstream processors;
- Revenues received for PPP materials marketed;
- Processing residue rates; and
- Names and locations of recovery end-markets and disposal locations.

4.8 Dispute Resolution

MMBC will seek to balance the principles of access, efficiency, fairness and equitable outcomes in the design of its dispute resolution mechanisms. Dispute resolution processes will be tailored to the nature of disputes as well as the likely parties to a typical dispute. The objectives of the dispute resolution process are to manage disputes to resolution rather than adjudication, earlier and faster and at a reduced cost to all parties involved.

The following suite of alternative dispute resolution processes will be used:

Dispute Type	Path of Escalation/Resolution
Residents	<ul style="list-style-type: none"> • Discussion with MMBC management • If unresolved, involvement of MMBC Board
Collectors and processors	<ul style="list-style-type: none"> • Discussion with MMBC senior management • Facilitation: to prevent escalation and to explore interests/remedies • Mediation: to be used if facilitation is unsuccessful process to be specified in commercial agreements regarding selection of mediator, roles of parties, time and place of mediation, conduct of mediation, length, responsibility for fees/costs, confidentiality, conclusion of mediation by agreed settlement or final settlement proposal by the mediator • Arbitration: to be used if mediation is unsuccessful; process to be specified in commercial agreements regarding notice of arbitration, submission of written statements, place and conduct of meetings and hearings, the process for rendering and delivering decisions; jurisdiction and powers of the arbitrator, allocation of costs/fees; application of the B.C. Arbitration Act (RSBC 1996)

4.9 Communications

The Recycling Regulation requires that, as part of the stewardship plan, MMBC design and deliver an effective resident education program that achieves two overarching objectives:

- Make residents and other target audiences aware of the program features and benefits through communication activities; and

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- Employ promotion and education (P&E) activities to engage and encourage residents to make informed and proper decisions concerning the preparation and management of PPP for collection and recycling.

The design of the PPP stewardship communication activities will be set out in a strategic communication and P&E plan that will be developed following approval of the stewardship plan. The communication and P&E plan will comprise three activity phases: pre-launch, launch and post-launch.

The principles guiding the development of the communication and P&E plan will be:

- **Understand MMBC's resident and stakeholder audiences** – identify the various audiences who will participate in the PPP stewardship program by sorting, collecting, processing and recycling PPP and assessing each group's information and P&E needs;
- **Design effective communication and P&E** – ensure that communication strategies, images, messages and tools reflect needs, are clearly understood, overcome perceptual and real barriers, contain a call to action and motivate appropriate behaviour;
- **Collaboration** – explore opportunities to collaborate with other BC stewardship agencies, local governments, retailers, community-based organizations and others to develop strategies and distribute P&E materials that strive to inform and motivate;
- **Establish measurement metrics** – establish a benchmark measurement of program awareness, perceptions and reported behaviour against which to track and assess changes pertaining to year-over-year performance;
- **Deploy an effective mix of communication and P&E tactics** – develop and disseminate a strategic mix of tactics that ensure residents and stakeholders are effectively exposed to primary and supportive messaging; to undertake this in cooperation with local governments and others who have developed and operate successful, mature recycling programs; and
- **Engage audiences to elicit feedback** – employ contemporary methods of communication interaction (e.g. social media) as well as traditional methods to engage residents and encourage them to provide direct feedback regarding program changes and to ask questions.

The communications plan will be evaluated periodically using various key performance metrics such as its effectiveness in developing consumer awareness and delivering clear, comprehensible P&E messages across geographical and cultural demographics. The communications plan will be updated and enhanced as required.

4.10 Administration of the Packaging and Printed Paper Stewardship Plan

MMBC is responsible for implementing this PPP Stewardship Plan on behalf of the producers that have chosen to be members.

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MMBC will administer the implementation of the PPP Stewardship Plan effectively and efficiently through a combination of in-house and outsourcing of key specialized functions or services. Activities to be administered through out-sourcing include those that will not compromise the relationship between MMBC and BC stakeholders and where effectiveness and efficiency is enhanced by the best practices already incorporated by the service provider that would otherwise be a multi-year continuous improvement effort for MMBC.

MMBC will directly administer collection and processing services including dispute resolution, communications to BC residents and performance reporting to the BC MOE.

MMBC will outsource producer registration, reporting, fee invoicing, payments, audits and compliance in order to facilitate harmonized systems for Canadian producers, whether operating only in BC or in other Canadian provinces.

4.11 Program Financing

MMBC is responsible to the producers that have chosen to be its members to deliver an efficient and effective PPP stewardship program.

Producers that choose to be members of MMBC are responsible to pay fees that are sufficient, in aggregate, to implement the PPP Stewardship Plan. These costs fall into three categories:

- Administration - what it takes to manage the business;
- Resident awareness - what it takes to promote the behaviours that drive collection; and
- Material management - what it takes to manage materials.

Producers that supply types of PPP that are currently recyclable and that will be included in the PPP Stewardship Plan collection system will pay fees that are intended to cover:

- An equitable share of MMBC administration costs;
- An equitable share of resident awareness costs; and
- A contribution to the costs to manage the recyclable PPP that is the basis for the PPP stewardship program performance.

Producers that supply types of PPP that are currently not recyclable and will not be included in the PPP Stewardship Plan collection system when the program launches in May 2014 will pay fees that are intended to cover:

- An equitable share of MMBC administration costs;
- An equitable share of resident awareness costs;
- A contribution to the costs to manage the recyclable PPP that is the basis for the PPP stewardship program performance; and

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- Research and development (R&D) to resolve technical and market capacity barriers so that the PPP that is currently not recyclable can be included in the collection system over time. R&D efforts will include:
 - Resolving sorting, processing and end-market technical challenges;
 - Establishing processing capacity; and
 - Establishing end-market capacity and demand.

It is anticipated that producers that choose to be members of MMBC will not apply a fee at the point of sale of products in packaging and printed paper, primarily due to the relatively low cost per unit of packaging and printed paper that, for many products, is less than one cent. In the absence of a fee at the point of sale, costs incurred by producers to meet their obligations under the Recycling Regulation through membership in MMBC would be considered a cost of doing business in BC and would be managed by the producer accordingly. Each individual producer will determine for its own business how it will manage the costs incurred to meet its obligations under the Recycling Regulation through membership in MMBC.

Costs incurred by MMBC to deliver and administer the PPP Stewardship Plan will be allocated among producers based on the following principles:

- **Encourage reduction, redesign and recyclability** - Allocation of program delivery costs to reward producers that supply recyclable PPP for which there is market demand and high commodity value and to encourage producers that supply PPP for which there are no end markets or limited markets with low commodity value to consider reduction, redesign and recyclability;
- **Program delivery costs, subject to the principle above** - Allocation of costs to producers that supplied the PPP for which costs were incurred; Where costs are incurred for commingled materials, allocation of costs to each category of PPP reported by producers using a cost allocation model²⁹ informed by composition audits, cost allocation studies and other analyses to identify the relative cost share for each category of PPP; and
- **Administration costs** - Equitable sharing of administration costs and common costs by all producers.

5. Program Performance

5.1 Recovery Target

MMBC's aspiration is to have all PPP supplied into BC households effectively collected and recycled.

²⁹ The cost allocation model is subject to modification over time consistent with the principles of continuous improvement.

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Achieving this outcome will involve a number of steps of which the first will be to expand the existing collection system to accommodate a uniform province-wide list of PPP materials. This list will be predicated on the existence of recycling end-markets for each material on the list. Collecting in all areas of the province the full range of PPP for which there are existing markets will require adjustments to the majority of collection programs³⁰ and by the primary and downstream processors that receive the collected material. It will also require effort to ensure that the additional PPP is effectively marketed with minimal disruption to local commodity market arrangements.

Subsequently, the uniform list of materials will be expanded incrementally over time to ensure collection, processing and marketing of additional materials will not compromise the operation and reliability of the existing collection and recycling system, the quality of materials shipped to end-markets, the viability of these end-markets, the confidence of residents in their recycling program and the environmental performance of the system.

The benefits of this incremental approach to expand the scope of collected materials include:

- It builds on the existing recycling collection and processing system in a logical, environmentally and economically prudent manner;
- It protects the environmental performance of the existing recycling system by ensuring the addition of materials to the list is preceded by requisite investments and operational changes to deliver best use of materials and no degradation to the collection and recycling of materials already on the list; and
- It upholds the pollution prevention hierarchy by ensuring the PPP program focuses on recycling outcomes.

The Recycling Regulation specifies that the PPP stewardship program must achieve, or is capable of achieving within a reasonable time, a 75% recovery rate.

The recovery rate is calculated by dividing the quantity of PPP recovered by the quantity of PPP generated by residents and available for collected. The numerator is based on the quantity of PPP shipped to recycling end-markets and the quantity of system processing residues shipped to recovery end-markets³¹ as reported by primary processors and verified by MMBC. The denominator is based on the quantity of PPP supplied to residents as reported by producers³² and verified by MMBC.

³⁰ Approximately 30% of single-family households and less than 15% of multi-family households are currently receiving collection of all rigid plastics.

³¹ In compliance with the pollution prevention hierarchy.

³² Adjusted as required to reflect PPP that is retained by residents for extended periods of times (e.g. magazines) as determined from composition audits of PPP collected.

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Based on surveys carried out in late 2011³³, it is estimated that approximately 200,000 tonnes of residential PPP were being recycled annually in BC. These 200,000 tonnes represent the numerator for purposes of calculating a baseline PPP recovery rate.

The quantity of PPP supplied to BC households cannot be accurately quantified until producers report to MMBC. In the absence of data on the quantity of PPP supplied by producers to BC residents, MMBC developed an estimate of 350,000 to 400,000 tonnes utilizing quantities supplied in other provincial producer responsibility programs cross-referenced with PPP composition data. These 350,000 to 400,000 tonnes have been used to calculate an estimated baseline PPP recovery rate between 50% and 57%.

To put BC's baseline residential recycling rate into context, both Quebec's PPP stewardship program (established in 2005) and Ontario's PPP stewardship program (established in 2004) are recycling 65% of the province's residential PPP. European stewardship programs³⁴ are recycling various amounts of the residential materials targeted in the program: France is recycling 63%³⁵; Germany is recycling 71%³⁶; and Belgium is recycling 93%³⁷.

Building on the PPP collection and recycling systems already in place, producers will be required to increase the recovery rate from BC's baseline recycling rate to the 75% target recovery rate. This additional recovery will involve:

- Delivering more collection services;
- Increasing participation by encouraging residents to utilize available collection systems;
- Collaborating with provincial and local governments to implement policies that support PPP collection, such as limits on the quantity of garbage that can be set out for collection, reducing the frequency of garbage collection, charging fees for garbage collection and/or banning PPP from disposal;
- Resolving technical and convenience barriers in multi-family collection systems;
- Increasing capture rates by encouraging residents to place PPP in the PPP collection system rather than the garbage collection system;
- Increasing the effectiveness of processing systems to reduce processing residues and increase the proportion of collected PPP delivered to end-markets; and
- Developing new end-markets and processing capability and capacity to support the addition of more types of PPP to the collection system.

³³ Refer to the report titled the *Current System for Managing Residential Packaging and Printed Paper in BC*, March 2012.

³⁴ Refer to report titled *Packaging and Printed Paper Stewardship Program Design Options*, March 2012: Section 4.2.1.

³⁵ Of glass, paper, steel, aluminum and plastic packaging.

³⁶ Of paper and packaging made of paper, plastics, metals and glass.

³⁷ Of glass, paper, steel and aluminum packaging and plastic bottles.

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Getting to 75% Recovery

MMBC is committed to building the residential PPP collection and recycling system in BC to deliver the required 75% recovery target within a reasonable time and within the framework of the pollution prevention hierarchy.

To estimate the time required to achieve a 75% recovery target, MMBC requires:

- Information from collectors on the time required to modify their collection systems to accept a broader range of PPP and their interest and ability to expand service areas;
- Information from processors on the time required to modify their processing systems to accept a broader range of PPP and larger quantities of PPP;
- Information from recycling end-markets on their ability to manage larger quantities of PPP and their interest and ability to accept new types of PPP; and
- Accurate information from producers on the quantity of PPP being supplied to BC residents.

MMBC will be able to assess the ability of collectors and processors to manage larger quantities of PPP following the market-clearing price offers for collection services and the RFP for post-collection services.

In order to assess the ability of recycling end-markets to manage larger quantities of PPP, MMBC first requires information on the destination of marketed PPP reported by primary processors following program implementation. With this information, MMBC can work collaboratively with these recycling end-markets to assess their capability to manage larger quantities of PPP and to accept new types of PPP.

In order to develop accurate information on the quantity of PPP being supplied to BC residents, producers must determine:

- Which of their products are packaged in packaging that meets MMBC's definition of packaging and is supplied to BC residents;
- The quantity of each of these products actually supplied to BC residents, which is likely a subset of products shipped to distribution centres that service BC and then a subset of products distributed within BC;
- The types of materials used to package each of these products³⁸;
- The weight of each of the materials used to package each product;
- Which of the types of printed paper used in their business that meets MMBC's definition of packaging used in their business and is supplied to BC residents; and

³⁸ Some products are packaged in multiple types of materials e.g. a boxboard box that contains a container and cap of HDPE with a foil closure below the cap and with product instructions on printed paper.

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- The quantity of each of these types of printed paper supplied to BC residents which is likely a subset of products shipped to distribution centres that service BC.

MMBC will be responsible for ensuring that data reported by producers are accurate through validation procedures and periodic auditing. Experience with other Canadian producer responsibility programs suggests that a minimum of three annual reporting cycles is required to develop confidence in the integrity and accuracy of producer reporting systems.

After the first three years of program implementation, MMBC will have:

- Sufficient operating experience to reasonably assess the period of time required by its contracted collectors and processors and by the recycling end-markets utilized by its contracted processors to modify and/or expand their operations in order to manage the quantity of PPP that would be collected at a 75% recovery target; and
- Reasonable confidence in the quantity of PPP supplied to BC residents reported by producers as confirmed by its validation and auditing procedures.

Within six months following the first three years of program implementation, MMBC will develop an estimate of the timeline required to achieve the 75% recovery rate in consultation with its producers, collectors, processors, recycling end-markets and other interested stakeholders.

5.2 Accessibility

Section 5(1)(c) of the Recycling Regulation requires that a stewardship plan provide reasonable and free access to collection facilities.

Access by householders to various types of services differs across BC communities, reflecting population density and other factors. The following table sets out current access for residents to PPP collection services based on surveys carried out in late 2011³⁹.

	Single-family Households	Multi-family Households	Total Households
Total # of Households	1,202,930	512,511	1,715,441
# of Households Receiving Household Collection Service	936,118	405,666	1,341,784
% of Total Households Receiving Households Collection Service	78%	79%	78%
# of Households (Not Receiving Collection Service) with Access to Depots	217,758	90,096	307,854

³⁹ Refer to the report titled the *Current System for Managing Residential Packaging and Printed Paper in BC*, March 2012.

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	Single-family Households	Multi-family Households	Total Households
% of Total Households with Access Only to Depots	18%	18%	18%
# of Households Receiving Household Collection Service or with Access to Depots	1,153,876	495,762	1,649,638
% of Total Households Receiving Household Collection Service or with Access to Depots	96%	97%	96%

MMBC will provide reasonable access to collection services for PPP taking into consideration the need for:

- Services in large, urban areas as well as remote, sparsely populated areas;
- Effective and efficient collection services within their geographic and/or demographic context;
- A collection system with sufficient capacity to achieve the recovery target; and
- Predictability for residents wishing to recycle PPP.

Reasonable access to collection services for PPP will be provided:

- For single-family households through
 - Curbside collection in areas currently receiving curbside collection of PPP;
 - Curbside collection in areas currently receiving curbside collection of garbage⁴⁰ which can be serviced for the market-clearing price offered by MMBC; and
 - Depot collection for PPP in areas which can be serviced for the market-clearing price offered by MMBC;
- For multi-family households through
 - Curbside collection for PPP where the PPP is placed on public easements for collection on regular single-family curbside routes;
 - Collection services from multi-family dwellings where set-out of PPP is on private property which can be serviced for the market-clearing price offered by MMBC; and
 - Depot collection for PPP in areas which can be serviced for the market-clearing price offered by MMBC;
- For streetscapes, subject to proof of concept through testing effective delivery of streetscape collection systems, through collection
 - In urban commercial areas with business activities that generate large amounts of PPP;
 - Where the local government operates a litter collection system; and

⁴⁰ Where a local government prefers depot collection over curbside collection, MMBC will consider this preference.

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- In municipalities with a population of 20,000 or more and a population density of 200 or more people per square kilometre.

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5.3 Product Life Cycle Management

Section 5(1)(c)(vii) of the Recycling Regulation requires that a stewardship plan adequately provide for eliminating or reducing the environmental impacts of a product throughout the product's life cycle.

The producers that are members of MMBC will contribute to eliminating or reducing the environmental impacts of packaging or printed paper through innovations that affect the stages of its life cycle **before** it reaches the consumer. The following are examples of activities that have been implemented.

Reduction

- A number of brands, primarily in the home and personal care category, have created refill packs designed to make it very simple for the consumer to refill the original pack with new product. The refill pack is manufactured of a lightweight material producing less waste. This approach addresses the first R in the 3Rs hierarchy by reducing packaging, in some cases, by over 75%.
- Packaging can be reduced through the reformulation of a product, such as concentration, requiring less packaging per use of product. This has been done extensively in the laundry, home care and personal care product categories.

Redesign

- Plastic packaging can be created with new technology that delivers the same strength and performance but requires less resin. This can be achieved through the use of “micro-bubbles” incorporated into the plastic. This reduces the density of the resin but does not impact performance – an approach to packaging reduction that is often invisible to the consumer.
- Research and development is also being directed at incorporating other materials into product packaging – primarily replacing plastic resin with renewable materials. To minimize plastic use, the redesigned package incorporates fibres such as bamboo, sugarcane and bulrush. Research and market testing has shown that incorporation of these different materials delivers packaging that stays strong under compression and consumer use (opening and closing) and transportation. In some cases the bamboo sugarcane and/ or bulrush has replaced the use of polyvinyl chloride, which is a contaminant if mixed with other types of plastic.
- Several non-food manufacturers have invested in research and development allowing them to utilize 100% post-consumer recycled resin in their plastic packaging.

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- Companies are making commitments to sustainable sourcing of their paper-based packaging. Some companies have committed to purchasing only Forest Stewardship Council certified paper. Others are committing to source paper products only from managed forests and are involved in the replanting of those forests to ensure ongoing regeneration.

The producers that are members of MMBC will contribute to eliminating or reducing the environmental impacts of packaging or printed paper through innovations that affect the stages of its life cycle **after** it reaches the consumer. The following are examples of activities that have been implemented.

Recyclability

- Companies are redesigning packaging so that it is more easily recycled by, for example: harmonizing the plastic resin of a cap with its bottle; providing a removable barrier between the packaging and the product to reduce contamination; or, in the case of paperboard packaging, reducing or removing a coating from the carton making it more easily recyclable.
- Companies are redesigning packaging and closures to allow consumers to get every last drop of the product out of the package. This provides better value to the consumer and results in less contamination in the recycling system.

Implementation of the PPP Stewardship Plan will manage PPP after a resident has placed it into the PPP collection system through recycling, and where recycling options are not available, through recovery or disposal.

MMBC, through implementation of the PPP Stewardship Plan, and the PPP producers that are its members will continue to strive to eliminate or reduce the environmental impacts of PPP supplied to residents in BC throughout the products' life cycle. Information on PPP end-of-life management compiled by MMBC during implementation of the PPP Stewardship Plan will be an additional source of information for PPP producers as they consider opportunities to reduce the quantity of PPP supplied as well as design PPP with the environment and recyclability in mind.

5.4 Pollution Prevention Hierarchy

Section 5(1)(c)(viii) of the Recycling Regulation requires that a stewardship plan adequately provide for the management of the product in adherence to the order of preference in the pollution prevention hierarchy.

The PPP Stewardship Plan will adhere to the pollution prevention hierarchy through the following activities:

Packaging and Printed Paper Stewardship Plan

Pollution Prevention Hierarchy	Activity
Reduce the environmental impact of producing the product by eliminating toxic components and increasing energy and resource efficiency	<ul style="list-style-type: none"> • Initiatives undertaken by individual producers • PPP Stewardship Plan encourages reduction through cost allocation which rewards companies which reduce the weight of PPP sold into the market
Redesign the product to improve reusability or recyclability	<ul style="list-style-type: none"> • Initiatives undertaken by individual producers • PPP Stewardship Plan encourages redesign through cost allocation • MMBC will provide guidance to producers on design for recyclability
Eliminate or reduce the generation of unused portions of a product that is consumable	<ul style="list-style-type: none"> • Not applicable a packaging and printed paper are not consumable
Reuse the product	<ul style="list-style-type: none"> • Initiatives undertaken by individual producers • PPP Stewardship Plan encourages reuse through cost allocation
Recycle the product	<ul style="list-style-type: none"> • PPP Stewardship Plan utilizes payments to service providers to encourage collection of PPP and processing of PPP to meet recycling end-market requirements • MMBC will provide guidance to producers on design for recyclability
Recover material or energy from the product	<ul style="list-style-type: none"> • Primary and downstream processors will be encouraged to further process system residues to meet recovery end-market requirements and minimize the amount of residue sent to landfill
Otherwise dispose of the waste from the product in compliance with the Act	<ul style="list-style-type: none"> • Primary and downstream processors will be required to manage residue in compliance with the Act

5.5 Reporting

During implementation of the PPP Stewardship Plan, MMBC will compile data in order to report on the following indicators:

- **Accessibility indicators** to describe access to PPP collection services in the province of BC such as:
 - Single-family and multi-family households receiving household collection service;

Packaging and Printed Paper Stewardship Plan

- Number and location of depots accepting PPP;
- **Operational effectiveness indicators** characterizing program performance such as:
 - Tonnes of PPP collected within each regional district;
 - Kilograms per capita of PPP collected within each regional district;
 - Tonnes of PPP recycled and recovered for the province;
 - Kilograms per capita of PPP recycled and recovered for the province;
 - Recovery rate expressed as a percentage for the province;
- **Management of collected PPP in relation to the pollution prevention hierarchy**
 - Tonnes of PPP managed by recycling;
 - Tonnes of PPP managed by recovery;
 - Tonnes of PPP managed by disposal;
- **Operational efficiency indicators** reflecting program performance in financial terms such as:
 - Total program cost per tonne recovered;
 - Total program cost per household;
- **Environmental impact measures** to characterize actions intended to reduce the environmental impacts of packaging and printed paper by producers who are members of MMBC and by MMBC; and
- **Resident awareness indicators** to assess public awareness and engagement such as:
 - Percentage of residents aware of PPP stewardship program;
 - Percentage of residents reporting use of available collection services; and
 - Visits to the 'resident' section of MMBC website.

MMBC will report on the performance of the PPP program in an annual report submitted to the BC MOE and posted on its website by July 1st each year. MMBC will include a reasonable assurance opinion of the accessibility indicators and operational effectiveness indicators by a third-party in its annual report.

The MOE requires that a stewardship agency provide third-party audited financial statements prepared in accordance with generally accepted auditing standards if fees are applied at the point of sale to fund the stewardship plan. It is anticipated that producers that choose to be members of MMBC will not apply a fee at the point of sale of products in packaging and printed paper. Should this be the case, MMBC would not be obligated to provide third-party audited financial statements as part of its annual reporting but reserves the right to choose to do so.

Packaging and Printed Paper Stewardship Plan

Appendix A – Glossary

Collector

Entity providing services for collection of PPP from households or from streetscapes under contract with MMBC.

Depot

Facility where residents can drop off PPP under contract to MMBC.

Market Clearing Price

Payment available to collection service providers (subject to executing an agreement to provide the collection service, comply with the collector qualification standard on a continuous basis, report specified data on a defined schedule) designed to stimulate collection activities and act as a market clearing mechanism.

ICI

Industrial, commercial and institutional.

Processing

Manual or mechanical sorting and quality control of PPP for the purpose of shipping to recycling end-markets.

Primary Processor

First receivers of collected PPP that market at least some types of processed PPP directly to end markets. Primary processors may engage downstream processors that can more efficiently or effectively sort, process and market some types of PPP.

Qualification Standard

Minimum operating standard that a service provider must meet on a continuous basis in order to be eligible to provide collection, depot operation and/or processing services under a contract with MMBC.

Recovery Rate

Calculated as a percentage with the numerator representing the quantity of PPP recycled or recovered and the denominator representing the quantity of PPP available for collection.

$$\text{Recovery Rate \%} = \frac{\text{Recovered (material utilization)}}{\text{Available for Collection}} \times 100$$

Service Provider

Entity that collects PPP from single-family or multi-family households or streetscapes, operates a depot or provide post-collection services under contract with MMBC.

Packaging and Printed Paper Stewardship Plan

Appendix B – Producer Members of MMBC

A total of 215 producers have signed Letters of Intent with MMBC as of submission of the PPP Stewardship Plan. Based on the draft definitions of obligated producer and PPP developed pursuant to the BC Recycling Regulation and Environmental Management Act, these companies have indicated that they intend to join the MMBC PPP Stewardship Plan once it is approved. Producer companies that signed Letters of Intent fall into the following sector categories:

- Food and consumer products
- Retailers (grocers, mass/general merchandisers, hardware/housewares, drug stores and specialty merchandisers)
- Electronic manufacturers/brand owners
- Horticulture and agriculture
- Media and printed paper
- Quick service / take-out restaurants
- Paint and chemical products
- Other/miscellaneous

A list is included below.

MMBC believes that a PPP program that includes all obligated producers, each paying their proportionate share of costs, is the best way to achieve a sustainable PPP program for British Columbia residents that is based on the principles of fairness and a level-playing field. Recruitment efforts will continue past the stewardship plan submission date.

Producers are invited to consult the producer section of the MMBC website at www.multimaterialbc.ca for information related to who is an obligated producer and what constitutes obligated packaging and printed paper. A list of frequently asked questions (FAQs) is also provided on the website. Letters of Intent can be downloaded and, when executed, can be sent via email to producers@multimaterialbc.ca.

MMBC will respond to queries directed to producers@multimaterialbc.ca and will arrange telephone consultations with those producers who have questions about the PPP Stewardship Plan and their obligations under the BC Recycling Regulation.

Packaging and Printed Paper Stewardship Plan

MMBC Producers

3M
2 Brilliant Media (The Upper Canadian Magazine)
Advance Nursery Co.
Agropur
Akzo Nobel
Amway Canada
Apple
ASUS Computer International
Avalon Dairy
Baum Publications
BC Transit
Bed Bath & Beyond
Behr Process Corporation
Bell
Benjamin Moore
Best Buy
BIV Media Limited Partnership
Black Press Group Ltd.
Border Crossings Magazine
Boulevard Lifestyles Inc.
British Columbia Historical Federation,
British Columbia Lottery Corporation (BCLC)
Bron and Sons Nursery Inc.
Burnbrae Farms
Canada Dry Mott's
Canada Wide Media Limited
Canada's History Society
Canadian Dimension
Canadian Tire Corporation
Canon
Cedarrim
CGA Magazine
Clearview Horticultural products Inc
Clorox
Clover Leaf
Cloverdale Paint
Coca Cola Refreshments Canada
Colgate Palmolive
Columbia Valley Pioneer
ConAgra Foods Canada
Costco Wholesale Canada Ltd.
Cott Beverages
Cottage Life Media
CY Growers
Dance Media Group
Danone
Dare
Darvondan Nurseries
Dell Canada Inc.
Discovery Islands Organics
Disticor Direct Retailer Services Inc
DLM Foods
Dollarama
Dominos
Dream Wave Publishing Inc.
Dutch Heritage Greenhouse
East Richmond Nurseries Inc.
Eco-Parent Magazine
Eddi's Wholesale Garden Supplies
Epson
Estee Lauder Company
Exemplar Horticulture
Federated Co-operatives Limited
Ferrero
Ford Motor Company of Canada
Fort Nelson News
Four Corner Publishing
Gabriola Sounder Weekly
Garden Making
Geez Magazine
Geist
General Mills
General Motors of Canada
Giant Tiger Stores Ltd.
Glacier Media Group
Globe and Mail
Golden Valley Foods Ltd.
Greenhouse Delight Foods Inc.
Hains Celestial
HBC
Headlands Garden Plants Limited
Heinz
Henkel Consumer Goods
Hershey
Highliner Foods
Home Depot
Home Hardware
Horse Community Journals
Horse Country Magazine
Hewlett Packard
ICBC
Ikea
Indigo
Inside Track Communications

Packaging and Printed Paper Stewardship Plan

Irving Consumer Products
Jac van Klaveren Limited (JVK)
JELD-WEN
Johnson & Johnson
Kao
Kellogg
Kilipi Road Greenhouses
Kimberley Clark
Kleen Flo Tumbler
Kraft
Kruger Inc.
La Cie McCormick Canada Co.
Lenovo
LG
LMPI (a division of HDS Canada)
Loblaws
London Drugs
Lucerne
Maple Leaf Foods Inc. (including Canada Bread)
McCain Foods
Meadowfresh Dairy Corp
Michael's
Microsoft
Modern Dog Inc.
Momentum Magazine
Mondelez International
Montecristo Magazine
MTY Group
Neo-opsis Science Fiction Magazine
Nestle
Nestle Purina Pet Care Canada
Nintendo of Canada Ltd.
Nokia
Northern Gold Foods Ltd.
Northwest Landscape Supply
Nuvo Magazine
Observer Publications
Ocean Spray International
Okanagan Valley Newspaper Group
Old Dutch
Oliver Chronicle
Olympic Dairy
Opera Canada
Osoyoos Times
Outpost Magazine
Overwaitea
Owlkids
P&G
Pacific Newspaper Group
Pacific West Perennial Growers
Pageone Publishing
Panasonic
Pepsi Bottling Group (Pepsico Beverage)
PepsiCo Foods
Pet Connection
Plantronics
Poetry Is Dead Magazine Society
Powell River Living Magazine (Southcott Communications)
PPG Architectural Coatings
Premier Tech
PRISM International
Purdy's Chocolates
Purple Springs Nursery
Quilter's Connection Magazine
Readers Digest Magazines Canada Limited
Reckitt Benckiser
Reinhardt Food
Rexall
Rocky Mountain Goat News
RONA
Rogers Communications Partnership
Rogers Publishing
Room Magazine
Royal BC Museum
Sad Magazine
Safeway
Samsung
Saputo
SC Johnston
Scott's Canada
Sears
September House Publishing
Sharp Electronics of Canada
Sherwin Williams
Shopper's Drug Mart
Shopping Channel (division of Rogers Broadcasting)
Smucker's
Snow Farms
Sobey's
Sony
Southern Tip Publishing
St Joseph Media
Starbucks Coffee Canada
Storck
Studies in Canadian Literature
Studio Magazine
Sun Products Canada

Packaging and Printed Paper Stewardship Plan

Taisuco Canada Agricultural Corp
Target Canada
Techni-Gro Greenhouses Inc
TerraLink Horticulture Inc.
The Brick
The Capilano Review
The Natural Gardener
The Pampered Chef
The Social Justice Committee of Montreal
The Source
The TDL Group Corp.
The Upper Canada Antiques Showcase
Thrifty Foods
TJX Canada
Toshiba
Toys “R” Canada
Transcontinental Inc.
Unilever
Van Belle Nursery
Vancouver 24 Hours (division of Sun Media)
Vitalis Nutrition
Walmart Canada
Watershed Sentinel
YellowPages Group Corp
ZoomerMedia Limited

TO: UBCM Members
FROM: UBCM Executive
DATE: September 26, 2012
RE: **Packaging and Printed Paper Product Stewardship**

POLICY PAPER

2

2012 CONVENTION

1. DECISION REQUEST

That the paper be endorsed by the UBCM membership.

2. PURPOSE

The purpose of the policy paper is to:

- identify key local government issues and concerns with the proposed product stewardship program for packaging and printed paper;
- propose recommendations for resolving potential local government issues with the implementation of the packaging and printed paper product stewardship program;
- build local government knowledge and capacity around packaging and printed paper product stewardship to assist in negotiations with producers; and
- support a smooth transition in the responsibility of managing packaging and printed paper (PPP) to producers.

3. EXECUTIVE SUMMARY

The paper contains the following key recommendations for designing and implementing a packaging and printed paper (PPP) product stewardship program:

That producers are responsible for, and have an obligation to, manage one hundred percent (100%) of the packaging and printed paper waste in British Columbia. This obligation includes an extension of the PPP program to the industrial, commercial and institutional (ICI) sector within three (3) years of the program start-up, as well as local government compensation for the management of PPP materials that end up in local government waste streams.

That the packaging and printed paper product stewardship program provides an equitable level of service between urban and rural areas, and that existing levels of service be maintained or exceeded for those local governments that have established PPP programs in place.

That local governments be given the right of first refusal for providing packaging and printed paper product stewardship services under the new PPP program. This option would minimize

and/or prevent any disruption to existing services, employment and service contracts, and community expectations.

That the design and implementation of the PPP program includes measures and incentives for redesigning packaging and printed paper, to ensure that the program moves PPP up the pollution prevention hierarchy and eliminates the need for landfilling and/or incineration of program materials.

4. BACKGROUND

In May 2011, the Recycling Regulation was amended to include packaging and printed paper. The amendment shifts financial and administrative responsibility for managing these materials from local governments to the producers of packaging and printed paper (PPP). This transfer of responsibility is intended to incent producers of PPP to incorporate environmental considerations in the design of their products.

The addition of packaging, and to a lesser extent printed paper, is partly in response to local government requests. In particular, the UBCM membership has consistently endorsed resolutions calling for the development of strategies to reduce unnecessary product packaging, as well as the creation of product stewardship programs for packaging (1987-B69; 1990-A14; 1991-B18; 1995-B38; 1997-B11; 1999-B14; 2000-B20; 2004-B13; 2005-B115; 2006-B29; 2008-B31). Most recently, Resolution 2009-B39 called for all packaging to be placed under the BC product stewardship legislation. When considering packaging, the membership has similarly called for the addition of milk containers to the Recycling Regulation and the deposit refund system (2011- B38, 2010-B27).

The product stewardship program will be developed by key producers, which may include: the Canada Food and Restaurant Services Association, Retail Council of Canada, Canada Newspaper Association, Food and Consumer Producers of Canada, the Canadian Federation of Independent Grocers, and potentially others. The producers are represented by Multi Material British Columbia (MMBC), which is a not-for-profit agency established under the British Columbia *Society Act* formed in anticipation of the requirement to develop, submit and implement a stewardship plan for packaging and printed paper. MMBC's intention is to assume the role of a stewardship agency in order to discharge the obligations of PPP producers under Schedule 5 of the Recycling Regulation. However, some producers may choose to pursue their product stewardship obligations independently, which may impact collection and recycling efforts on multiple levels.

Since the amendment to the Regulation, several local governments have raised concerns over what service levels and targets will be included in the program. These concerns include, but are not limited to: how the program will work with local governments to ensure there is not a decline in service levels; how the interface with collection systems under union and procured service contracts will be managed; how collected materials will be managed; local capacity to manage any increase in collected materials; how the program will incent more recyclable packaging; and how local governments could be

compensated for the capital investments that have been made in the existing collection infrastructure.

In response to local government concerns and issues, the UBCM Executive approved the creation of a UBCM Packaging and Printed Paper Working Group, issued a call for nominations for representatives, and convened the first meeting in February 2012. The UBCM Packaging and Printed Paper Working Group is designed to provide a voice for local government on their expectations of an industry product stewardship program for PPP; provide information to build capacity in local government understanding of product stewardship as it applies to packaging and printed paper; and build local government capacity to effectively negotiate community interests with the producers.

In addition, the Working Group will: act as a forum for discussing local government issues, both individual and collective, with the producers; identify relevant issues pertinent to the materials/products and scope in the May 2011 amendment that may require negotiating with industry; and identify and propose recommendations to the producers for resolving potential local government issues with the PPP program implementation. The Working Group is comprised of six appointed local government staff representatives from all regions on the province, a UBCM staff representative, a representative from the BC Product Stewardship Council, and a Ministry of Environment staff member that sits as a subject matter expert on provincial policy and regulation.

Throughout the Winter and Spring of 2012, the Working Group met to finalize a terms of reference, identify local government concerns, and develop an issues compendium that would form the foundation of a policy paper. Delegations were also received from interested stakeholders, and communication materials about the efforts of the Working Group were distributed to local government area associations. The Working Group has sought to create recommendations that would advocate local government interests and positions, with the intent of having a policy paper considered by the membership prior to the producers' submission of a product stewardship plan in November 2012.

5. DISCUSSION

According to the 2007 Environment Action Plan, the provincial framework for any new or expanded product stewardship program must contain the following measures:

- be fully funded by the industry, in which the industry is responsible for all costs such as collection, transportation, and marketing of materials;
- maximizes the recovery rate of products from local landfills, with a recovery rate of 85% or higher;
- ensures the broadest choice of options for consumers, including the use of deposit refund systems and eco fees;
- ensures the operation of a mixed collection system, including return to retailer, curbside and depots; and
- links product stewardship programs to local solid waste management planning decisions of municipalities and regional districts.

The above position on product stewardship was endorsed by the full UBCM membership at the 2007 UBCM Convention, and acts as the foundation for discussion with the Province on all product stewardship programs, including packaging and printed paper.

Upon review of the amended Recycling Regulation, and as a result of Ministry of Environment information sessions, local governments have identified several key concerns and issues with respect to the new extended producer responsibility programs on packaging and printed paper. These concerns pertain to the scope of the program, program design, environmental impact, financial and service provision issues, as well as the role of local government.

Program Scope

While recognizing the functionality of focusing on residential collection, several local governments have identified concerns over the product stewardship program's focus on residential collection prior to industrial, commercial and institutional (ICI) collection. Local governments have invested heavily in the infrastructure, marketing and outreach of their existing collection and recycling programs, including the ICI sector in some cases. Some local governments are concerned that producers may get to capitalize on the costly foundations they have laid. More importantly, the ICI sector generates more PPP than the residential sector, and improving the ICI diversion rate would contribute more to diversion and waste reduction targets than the diversion from the residential sector. As such, local governments wish to see an expansion of the product stewardship program to the ICI sector as soon as possible, following the implementation of the program in the residential sector.

Local governments have also identified concerns over the seventy-five percent (75%) recovery rate identified within the amended Recycling Regulation. To maximize recovery rates, the rate should focus on specific material categories as opposed to overall packaging composite, and the rate should be applied to each local government to ensure equivalency between rural and urban areas. There is also the recognition that in spite of the target recovery rate, producers have an obligation to manage one hundred percent (100%) of the packaging and printed paper waste. This is consistent with the product stewardship model within BC where producers are responsible for the entire life cycle of products. In addition, the program should cover all areas that local governments are currently servicing.

Program Design

Local governments have identified the need to move beyond simply diverting PPP materials from local landfills and incinerators to actively putting in place incentives and measures to re-design and re-use packaging and printed paper materials. There is a recognition that in order to move up the pollution prevention hierarchy, the producers need to develop market based incentives and/or design requirements for their products. Such measures would diminish the potential for difficult to recycle or non-recyclable materials to be incinerated and/or landfilled, and would simultaneously reduce the carbon footprint of the product by minimizing production, storage, collection and transportation costs.

Built-in consultation mechanisms also need to be established with the product stewardship program. Local governments require meaningful consultation, both in terms of time and opportunities, in the design of the PPP stewardship program as well as ongoing consultation and feedback mechanisms during the implementation of the program. Based on past experiences with product stewardship programs, local governments desire the opportunity to provide input on the program design if product stewards are not meeting their stated or expected service delivery levels. In particular, local governments require an enhanced dispute resolution process, whereby they have the right to receive compensation for impacted costs if producers are not providing adequate service levels that result in materials being sent to local landfills and/or incinerators.

More importantly, the product stewardship program should incorporate flexible options that local governments can select to best meet the needs and interests of their respective communities. Many local governments throughout BC have established collection systems for packaging and printed paper, each with a set of community expectations around service levels, as well as associated infrastructure and employment and service contracts. Some local governments have identified the potential for the product stewardship program to impact existing employment and service contracts, particularly if the producers decide to contract out collection services or rely on depots instead of using existing local government staff and curbside programs. Implementing a “one size fits all” approach will not yield the greatest results. To improve the effectiveness of the product stewardship program, local governments should have the choice of either continuing to deliver services with fair compensation or selecting the producer’s contracted services for their communities. In effect, local governments should be given the right of first refusal for the provision of services. Similarly, the product stewardship program needs to be integrated with other waste management programs to create efficiencies, facilitate maximum recovery rates, and ensure high customer service.

Environmental Impacts

As stewards of their community, local governments are continuously implementing measures to protect the environment and address the impacts of climate change. Local governments believe that the product stewardship program should focus on clear environmental protection as opposed to simply the cost impacts on producers. The program should include measures and incentives for redesigning packaging, to ensure that the program moves up the pollution prevention hierarchy by eliminating the landfilling and/or incineration of collected program materials. Wherever possible, local governments maintain that producers should be seeking efficiencies within the collection, transportation and processing of materials to minimize the carbon footprint within affected communities.

Funding

Local governments have identified a wide range of costs associated with both their existing curbside collection programs for packaging as well as costs for the successful implementation of product stewardship programs. While British Columbia has a fully

industry funded model for product stewardship, local governments have acknowledged that they have frequently incurred some management costs for existing product stewardship programs when materials end up in local waste streams. In light of this experience, local governments require reimbursement for the management of any packaging and printed paper materials that end up in local government waste streams, which include garbage, public disposal facilities and illegal dumps. Compensation could be determined through standardized and industry funded waste audits that determine the amount of materials local governments handle. In addition, in accordance with the provincial product stewardship model, the producers must be responsible for all “hard” and “soft” program costs including collection, transportation, processing, and public outreach and education.

Recognizing that the producers may utilize either contracted services or existing local government infrastructure and collection programs, local governments have identified the need for fair compensation for their assistance in any packaging and printed paper product stewardship program. To date, it is unclear as to whether the producers will be providing compensation on a per household or service level basis, and on the level of compensation should local governments choose to participate in collection in the future. However, local governments maintain that compensation for participating in, or assisting with, the product stewardship program should be based on a local government’s true operating costs (capital, operation, maintenance, contract administration, education and outreach, advertising and disposal costs).

Service Provision

The level of service to be provided under the proposed packaging and printed paper product stewardship program emerges as one of the biggest concerns and issues for local governments. Local governments continue to identify service provision challenges within existing provincial product stewardship programs, particularly within more rural and remote areas. The new PPP extended producer responsibility program should ensure that rural and remote areas receive an equitable level of service as their urban counterparts so that the additional costs of managing PPP materials are not incurred by local governments.

For those local governments that have established PPP programs in place, there is a concern that existing service levels and quality of service must be maintained or exceeded. Such local governments have invested significantly in the infrastructure of, and public education for, their PPP programs and have established community expectations around what constitutes quality service levels. As such, local governments require a seamless transition with the implementation of the new PPP program to prevent any disruptions to existing service levels, community expectations, and employment contracts. The latter is particularly important to several local governments, as there is concern that the new program could potentially impact existing employment contracts, both in terms timing with contract renewal, and with the failure to utilize existing union staff in providing the service. Moreover, there is a need for the producers to clarify how the PPP program will fit within existing solid waste management plans.

Local Government Role

All local governments will be directly impacted by the implementation of a new packaging and printed paper product stewardship program. However, to date, local governments are unclear as to role that local governments will play in managing PPP materials, as well as the level of local government consultation in the design and implementation of the program. This lack of clarity extends to whether there will be potential partnerships with the producers as well as who has ownership over collected packaging and printed materials. In order to be successfully implemented, the new product stewardship program must provide options and opportunities for local governments to play an active role in managing PPP. This structural flexibility is required given local government's current administration of recycling and waste diversion programs, existing local government infrastructure, the linkage to solid waste management plans, and current community expectations around service levels.

6. RECOMMENDATIONS

That the following recommendations pertaining to the design and implementation of the packaging and printed paper product stewardship program be adopted by the UBCM membership.

That producers are responsible for, and have an obligation to, manage one hundred percent (100%) of the packaging and printed paper waste in British Columbia. This obligation includes an extension of the PPP program to the industrial, commercial and institutional (ICI) sector within three (3) years of the program start-up, as well as local government compensation for the management of PPP materials that end up in local government waste streams.

That the packaging and printed paper product stewardship program provides an equitable level of service between urban and rural areas, and that existing levels of service be maintained or exceeded for those local governments that have established PPP programs in place.

That local governments be given the right of first refusal for providing packaging and printed paper product stewardship services under the new PPP program. This option would minimize and/or prevent any disruption to existing services, employment and service contracts, and community expectations.

That the design and implementation of the PPP program includes measures and incentives for redesigning packaging and printed paper, to ensure that the program moves PPP up the pollution prevention hierarchy and eliminates the need for landfilling and/or incineration of program materials.

That the supplementary recommendations contained within Appendix 1 be adopted as a tool for building local government knowledge and capacity to assist in local government discussions and negotiations with producers.

APPENDIX 1: RECOMMENDATIONS

Program Scope

That the PPP program be expanded within three years to cover the industrial, commercial and institutional (ICI) sector following the implementation of the program within the residential sector.

That the PPP program seeks a recovery rate of eighty-five (85%) or higher, consistent with the principles adopted by the UBCM membership in the 2007 Environment Action Plan.

That the target recovery rate identified in the Recycling Regulation apply to specific material categories as opposed to overall packaging composite.

That the target recovery rate identified in the Recycling Regulation apply to each local government to ensure equivalent service levels between urban and rural areas.

That the PPP program include the addition of milk containers to the deposit refund system.

That the PPP program apply to all areas that local governments are currently servicing.

Program Design

That producers develop market based incentives and/or design requirements to stimulate product redesign and re-use to diminish the potential for materials to be incinerated or landfilled.

That material specific targets and performance measures be developed by the producers and enforced by the Province.

That local governments be given meaningful consultation opportunities in the design of the program as well as ongoing consultative mechanisms during the implementation of the program.

That an enhanced dispute resolution process be incorporated into the program, whereby local governments have the right to receive compensation for impacted costs if producers are not providing adequate service levels that result in materials being sent to local landfills and/or incinerators.

That the product stewardship program incorporates flexible and scalable options for local government participation in the management of PPP materials.

That local governments be given the right of first refusal for providing packaging and printed paper product stewardship services under the new PPP product stewardship program.

Environmental Impact

That the design and implementation of the PPP program focus on seeking efficiencies within the collection, transportation and processing of materials to minimize the carbon footprint of the program.

That the product stewardship program include measures and incentives for redesigning packaging, which ensures that the program moves up the pollution prevention hierarchy by minimizing the landfilling and/or incineration of collected program materials.

Funding

That local government compensation for their assistance in, or management of, the product stewardship program be based on a local government's true operating costs.

That local government be compensated for the management of PPP materials that end up in local government waste streams, and that standardized and industry funded waste audits be conducted to help determine appropriate levels of compensation for such management.

That the product stewardship program be fully funded by industry, in which producers are responsible for all costs associated with the management of PPP materials including, but not limited to collection, transportation, processing, public outreach and education.

That local governments receive compensation for continued education and outreach activities following the implementation of the product stewardship program.

Service Provision

That rural and remote areas receive an equitable level of service as their urban counterparts under the PPP product stewardship program.

That existing service levels and quality of service be maintained or exceeded for those local governments that have established PPP programs in place.

That the implementation of the program seeks to provide a seamless transition for those local governments with established PPP programs, in order to minimize and/or prevent any disruptions to existing services, employment and service contracts, and community expectations.

Role of Local Government

That local governments be provided the option and opportunity to play an active role in the management of packaging and printed paper under the product stewardship program.

That the PPP program incorporate meaningful consultation opportunities in the design of the program as well as ongoing consultative mechanisms during the implementation of the program.

That local governments explore the creation of a local government product stewardship agency that would facilitate active engagement, and negotiation with, all product stewards on existing and new product stewardship programs.