

TO: UBCM Members
FROM: UBCM Executive
DATE: September 23, 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.

a) 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, and some 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, while improving the ICI diversion rate would contribute more to diversion and waste reduction targets than 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.

b) 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.

c) 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.

d) 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).

e) 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.

f) 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

a) *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 seek 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.

b) *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.

c) 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.

d) 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.

e) 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.

f) 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.