

Proposed Packaging and Paper Framework for Atlantic Canada

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Project Goals and Objectives

- The Governments of New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador committed to work together on the first steps of an initiative to review the current recycling programs in Atlantic Canada for packaging and waste paper and work towards implementing Extended Producer Responsibility (EPR).
- The objectives of this initiative were to:
 - Develop a proposed Framework for a waste packaging and paper stewardship program for Atlantic Canada, and;
 - Develop an Implementation Plan which could be adapted to serve the needs of each of the four Atlantic Provinces individually or collectively

Project Overview

- Project Initiation – Nov 2013
- Jurisdictional Review – Canada, Europe, US and Australia
- Development of Proposed PPP Framework
 - Analysis of PPP Models Identified
 - Development of recommended Framework
- Development of Implementation Plan
 - Interviews
 - Information collection (infrastructure, PPP volumes)
 - Development of change management approaches
 - Development of proposed performance measurement indicators
 - Identification of issues for consideration
- Submission of Framework & Implementation Plan – May 2014

Stewardship Models

- **Product stewardship**
 - operated by governments (e.g. provinces or municipalities) where manufacturers, brand owners and importers are neither directly responsible for program funding, nor for program operations
- **Shared responsibility EPR**
 - municipalities or regional authorities provide collection and recycling services as a front-line service for the residential sector and sometimes the small business sector
 - a designated amount of producer funding (up to 100%) provided for reimbursement of pre-determined net eligible costs
- **Full EPR model**
 - manufacturers, brand owners and first importers are directly responsible both for program funding (100%) and for all program operations



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Jurisdiction Review

Canada

	Current Programs			New Programs	
	Manitoba	Ontario	Québec	BC	Saskatchewan
% Net Costs Paid by Industry	80%	50%	100%	100%	75%
Model	<u>Shared</u> Since 2011	<u>Shared</u> Since 2003	<u>Shared</u> Since 2005	<u>Full EPR</u> some municipal contract collection (Launched May 2014)	<u>Shared</u> (Launch January 2015)
Performance	Diversion 54%	Diversion 64%	Diversion 65%		

Jurisdiction Review

Europe

- Shared responsibility EPR with municipalities providing collection services but with producer funding;
 - Majority of EU partners plus Serbia, Turkey, Ukraine and Norway
- Full EPR with producers fully responsible for both packaging waste collection, processing, marketing and full funding; the 3 exceptions to the shared model
 - Germany, Austria and Sweden
- A tradeable packaging recycling certificate system;
 - UK
- Packaging taxes
 - Denmark

Model - Advantages

Product Stewardship

- 100% Provincial or Municipal control over program - which materials to include etc.
- Consistent and clear messaging to public regarding levels of service and municipal roles
- Provinces and/or municipalities can feel confident about long-term investments in infrastructure
- Standardized program across jurisdictions possible
- Could include ICI sector

Shared Responsibility

- Producer funding
- Maintain municipal operations and levels of service – clear municipal role/responsibility
- Opportunity to negotiate financing for each province or region-wide for Atlantic Canada if desired
- Higher % could lead to DfE (QC) and standardized recycling code of practice
- Opportunity to standardize materials accepted across a jurisdiction and to develop higher levels of recycling collection and service
- Could include ICI sector

Full EPR

- 100% Producer funding
- Full producer control over the system with ability to affect program costs and rationalize infrastructure, could stimulate DfE
- Producer opportunity to develop and drive markets
- Opportunity to standardize materials accepted across a jurisdiction and develop higher levels of recycling collection and service
- Could include the ICI sector



Model - Disadvantages

Product Stewardship

- No involvement of producers
- Governments/taxpayers pay full costs of recycling

Shared Responsibility

- Disputes between municipalities and producers over eligible costs and level of service
- Producers dislike not having any control over the collection or recycling aspects of the program
- Although there is “an opportunity” to standardize material lists and levels of service across a jurisdiction this is not always done, it tends to remain at the municipality’s discretion.
- Wide variations in program design for shared responsibility models (e.g. funding, materials designation, and design).

Full EPR

- No direct municipal involvement (unless municipality becomes a service provider)
- Communicating to the public that municipalities are no longer responsible for collection service is challenging
- Challenge for municipality to provide a service level above the agreed PPP program
- Risk of “stranded” government infrastructure assets
- Full EPR more easily applied to tires, e-waste, appliances, used oil, etc. PPP is a diverse category traditionally managed by municipalities
- Challenges with transitioning observed in BC



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Recommended Framework Model for Atlantic Canada

Shared Responsibility Model - Precedents

- Shared responsibility for PPP is the predominant approach in Canada and is familiar to producers (SK, MB, ON, QC)
- Majority of European programs follow the shared approach
- In German and Swedish full EPR programs consideration is being given to switching to a shared model with municipal operational responsibilities
 - public inquiries continue to go to municipalities as the first point of contact;
 - under a full EPR program municipalities cannot respond to public concerns or provide higher levels of service



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Recommended Framework Model for Atlantic Canada

Shared Responsibility Model - Description

- Municipalities would continue to:
 - operate curbside and depot collection programs;
 - be responsible for materials processing and
 - selling recyclables to end markets.
- Producers would fund net municipal costs based on an agreed upon formula
- Municipalities would continue to play a major role in promotion and education
- Public investment in infrastructure (trucks, MRF's etc.) would be retained
- Incremental change over time is possible – i.e. upgrading of programs



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Recommended Framework Model for Atlantic Canada

Shared Responsibility Model - Rationale

- Recognizes existing municipal primary roles and responsibilities for current programs with decision making for program design, operation and practices
- Allows for programs to be expanded where warranted to meet new harmonized program standards and to develop programs in remote and small communities that may not have service
- Allows for continuation of existing municipal contracts held by contractors/service providers
- Allows time for Atlantic municipalities and producers to learn to work together cooperatively
- Provides for performance measures to be established



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Recommended Framework Model for Atlantic Canada

Shared Responsibility Model – Environmental Benefits

- Some Atlantic provinces have innovative funding formulas in place that municipalities are eligible for (e.g. RRFB in NS) depending on their diversion achievements and disposal trends. This has contributed to impressive municipal diversion programs that include for example implementation of streetscape PPP diversion in Halifax
- Retaining some control of successful programs that reward municipalities that decrease quantities disposed, while increasing diversion quantities overall is an important consideration.
- There is evidence in QC that DfE changes can be encouraged- ÉEQ voluntary code; disrupter fees; 50/50 shared costs for non-recyclables collected



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Elements of a PPP Framework

General Issues for Consideration

- Individual vs collective responsibility for producers
- A de minimis to exempt small producers – needs to recognize Atlantic market realities in terms of business numbers and sizes
 - MMBC < \$1 million gross annual sales, < 1000 kg/yr and 1 store location
 - Stewardship Ontario < \$2 million gross annual sales, *and* if < 15,000 kg/yr)
- Sharing responsibilities for promotion and education between municipalities and producers
- Levels of service - municipal collection from: single family, multi-family, streetscape, small business commercial, other
- Provincial enforcement – mechanisms and funding
- Implementation – principles, staging

Elements of a PPP Framework

Funding Mechanism Considerations

- Level / % of producer funding and/or phase in
- Establishment of a mediation and dispute resolution mechanism
- A funding formula to identify what constitutes net municipal costs eligible for payment negotiated prior to program launch
 - Municipalities would remit to producers their agreed upon net costs for collection and processing of the designated PPP materials for payment on an agreed upon schedule (annual, biannual etc.)
 - Data on municipal program costs would be prepared by municipalities using the agreed upon funding eligibility formula on an agreed upon schedule



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Elements of a PPP Framework

Levels of Service

- Minimum provincial and regional standards for collection in the interests of standardization and maximizing program efficiencies.
 - Standards can reflect current municipal practice and
 - Differences in municipal size and population density (e.g. urban and remote).
- Levels of service identified for the different sources of PPP materials – i.e. single family residential, multi-family residential, streetscape, small business commercial
- Bringing municipalities / communities with lower levels of service up to the standard minimum levels of service in accordance with the program standards that are established.



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Elements of a PPP Framework

Designated PPP Materials

- Packaging categories: primary, secondary, transportation, distribution or tertiary packaging
 - Priority materials conventionally collected and recycled
 - Other materials which are not widely recycled presently in Atlantic region
- Paper : paper that is not packaging, but is printed with text or graphics ; paper that is not packaging but is used for copying, writing or other general use
- Over time packaging will change and newer materials and designs will appear in the marketplace; listings of designated materials can be updated based on in-store evaluations ,waste characterizations studies etc.

Elements of a PPP Framework

Priority Designated PPP Materials

- Dry and clean paper (fine paper)
- Newspapers, flyers
- Glossy magazines, catalogues
- Paper egg cartons
- Paperbacks & phone books
- Corrugated cardboard
- All plastic containers, tubs and lids
- All plastic bags : grocery, retail, bread, dry cleaning & frozen food bags, bubble wrap.
- Glass bottles and jars
- Steel & aluminum cans; aluminum foil & plates
- Paper packaging coated in wax or plastic
- Aseptic packaging



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Elements of a PPP Framework

Other Designated PPP Materials

- Aerosol containers
- Plant pots
- Plastic clamshells
- Hot and cold drink cups
- Disposable plates
- Take-out and home delivery food service packaging
- Flower box/wrap
- Food wraps provided by the grocer for meats, fish, cheese, etc.
- Prescription bottles
- Gift wrapping/tissue paper



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Elements of a PPP Framework

Implementation Principles

- Respect for the 4rs hierarchy – reduce, reuse, recycle, residuals management
- Inclusiveness – allows maximum municipal participation
- Fairness to unique communities – e.g. remote communities with high costs
- Fairness regarding treatment of industry sectors across jurisdictions
- Consistency – levels of service offered
- Clarity – roles and responsibilities of stakeholders: producers, municipalities, provincial oversight bodies, general public
- Accountability and transparency – performance monitoring and reporting obligations
- Public outreach – appropriate consultation and engagement with all stakeholders



Elements of a PPP Framework

Implementation Issues / Considerations

- Phasing-in producer funding contribution i.e. 50%, 75%, 90%, 100%? (QC model)
- Phasing-in level of service improvements e.g. bringing remote/small communities up to standard minimum PPP access.
- Phasing-in number of designated materials e.g. start with a basic minimum list, then on a schedule add new materials
- Mediation and dispute resolution – ideally not to be resorted to
- Compliance – adequate resourcing of oversight and enforcement
- Newspapers – traditional in-kind contribution; under dispute in BC; in QC they contribute both \$ and in-kind; review of current MOUs



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Summary

- Preferred shared responsibility model with:
 - Maintenance of existing direct municipal control over collection, processing and marketing but with a level of producer funding (up to 100%)
 - Opportunity to standardize and raise levels of service
 - Opportunity to share more effective jurisdiction/region wide promotion and education
- Common model in Canada and Europe
- Ability to watch roll out and implementation of full EPR in BC
- Opportunity for significant inter-provincial cooperation and program co-ordination



Thank You

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