Printed Paper and Packaging Program

Implementation Considerations

Printed Paper and Packaging Summit June 25, 2014

Presentation Overview

- Why do Producers Matter?
- Considerations when Drafting EPR Legislation
- How EPR for PPP Could Play out in NS
- Case Study: EPR for PPP in BC

Why do Producers Matter?

- CCME Canada-Wide Action Plan for Extended Producer Responsibility
 - o provincial Ministers of Environment supported Plan
 - o Phase 1: 7 material groups to be implemented by 2015
 - o Phase 2: 5 material groups to be implemented by 2017
- Environmental policy approach but with significant economic implications
 - places new responsibility and costs onto producers
 - o drives material from disposal to diversion
 - shifts economic activity accordingly

Why do Producers Matter?

- Producers have unique ability to effect change through entire life-cycle of product or package
 - o from design to utilization as secondary resources
- Producer responsibility could help to address problem of 'waste'
 - municipalities and waste management companies manage at end-of-pipe
 - o producers can
 - address product/packaging design
 - close the loop by utilizing collected materials as input to their manufacturing processes

From Early Diversion Programs

- Early diversion programs often implemented by provincial or municipal governments
 - to manage problematic materials and/or satisfy waste management planning requirements
 - o typically financed solely by government
- Over time some provincial governments divested responsibility to delegated authorities
 - various methods of financing point-of-sale fees, unredeemed or half-back deposits, levy on producers, government subsidies
 - producers sometimes involved but with limited role and responsibilities

To Evolving Roles

- For provincial governments
 - o from program operator to regulator
- For delegated authorities and producer agencies
 - o from the organization that is regulated to an organization representing producers that are regulated
- For producers
 - o from funder to fully responsible party
- For municipalities
 - from fully responsible for program delivery to service providers

Key Question

- Will shifting responsibility to producers yield
 - o good service to residents?
 - o increased diversion?
 - o producer responsibility benefits from 'closing the loop'?
 - effective working partnerships between producers and supply chain, including local governments and private companies?

- Should legislation make producers
 - o fully responsible for end-of-life management, or
 - o fund system that is designed and operated by others
- Full EPR is operating in many provinces
 - BC Recycling Regulation for all materials including PPP
 - o Ontario for tires, electronics, household hazardous waste
- Funding system for PPP is common
 - program design and operation remain with municipalities and producers are obligated to fund municipal costs
 - o Ontario 50% of net best practice costs
 - Saskatchewan 75% of efficient/effective program costs
 - Manitoba 80% of efficient/effective program costs
 - o Quebec increased from 50% in 2009 to 100% in 2013

Full EPR vs Funding

- Producers' view
 - payment without ability to manage costs is taxation
 - legislation without compliance enforcement is not a level playing field for competing producers
 - full producer responsibility is
 - responsibility for collecting and recycling products and packaging at end-of-life
 - ability to decide how to fulfill this responsibility including choosing partners and negotiating mutually acceptable terms
 - o accountability for accessibility and diversion performance
 - o financial responsibility for delivering outcomes

Full EPR

Pros

- producers linked to processing and end-market challenges resulting from PPP design
- producers able to drive collection to deliver more recycled content for their manufacturing systems
- consistent with polluter pays principle i.e. producers and consumers of PPP pay for its recycling

Cons

- o major change management effort
- municipalities need to adjust to not having control of PPP system
- level of services and program performance may be dependent on enforcement of level playing field for producers

Municipal Funding

Pros

- o municipalities drive collection to reduce disposal
- o municipalities have historical relationship with residents
- existing sub-contracts not affected

Cons

- o does not inform producer design decisions
- producer payment without ability to manage costs considered taxation, not EPR
- producers associate year-over-year cost increases with municipal inefficiencies and political decisions
- relationships between producers and municipalities can be strained
- limited ability to achieve economies of scale given local decisions on program design and delivery

- How will legislation ensure producer compliance?
 - to avoid giving non-compliant producers a marketplace advantage thereby penalizing compliant producers
 - o to balance interests of large and small volume producers
 - legislation could exempt producers below threshold but this leaves the cost with municipalities
 - producer agencies often set flat fee for small volume producers
- Issues to consider
 - o who manages PPP supplied by exempt/non-compliant producers?
 - newspapers typically resist paying fees in cash
 - either non-compliant, provincial government pays newspapers' fees or newspapers fund municipalities in lineage
 - enforcing producer compliance takes political commitment and resources

- How will legislation ensure a level playing field if there are multiple producer agencies?
 - multiple producer agencies typically try to attract members by offering lower fee rates, especially to larger producers
 - o to reduce steward fees, competing producer agencies may
 - cherry pick low cost tonnes
 - reduce services
 - reduce quantities collected
 - reduce payments to service providers
 - level playing field rules should be clearly defined before competing producer agencies design programs
 - o oversight to ensure compliance with rules is required; may require clearing house function

- Should producers be responsible for residential and/or ICI PPP?
 - o other provinces have excluded ICI PPP
- Issues to consider if included
 - o producers likely to resist as new and unknown challenge
 - will affect every ICI generator in NS and their recycling service providers
- Issues to consider if excluded
 - ICI can be excluded from municipal collection and managed by private sector
 - o if municipalities collect ICI on residential routes, factor can be applied to exclude ICI tonnes, leave costs with municipalities
 - o producers must identify PPP supplied to residents for reporting

- Can legislation be harmonized with other provinces?
 - definitions of obligated producer, printed paper, packaging, diversion
 - metrics and reporting requirements
- Issues to consider
 - role of voluntary stewards if most NS obligated producers are local retailers importing product from outof-province
 - how existing regulations and programs will interact with PPP regulation e.g.
 - is packaging for deposit containers included in PPP definition?

- Issues to consider (con't)
 - o items in existing collection programs may not meet definition
 - printed papers
 - o papers that are not 'printed' when sold i.e. blank paper, notebooks, etc.
 - items that look like packaging but are sold as products
 - o foil baking trays sold empty (without product)
 - o zip lock and other storage bags sold in boxes
 - o drink cups sold in stacks without product
 - plastic food storage containers
 - o home canning jars empty at point of sale
 - items that provide durable storage
 - o CD, DVD, contact lens storage cases

- How will legislation define performance targets?
 - accessibility to collection services
 - quantity collected and diverted
- Issues to consider
 - o what is considered diversion?
 - composting, alternate fuel, use of glass as aggregate within/outside of landfills
 - o how to set target
 - are there baseline data available to inform target setting?
 - are there data to set single target or targets by material group?
 - is unrecyclable PPP excluded from performance target?
 - o what is an appropriate timeline to achieve target?
 - o will there be penalties if targets are missed?

- What type of reporting will be required?
 - o identify metrics that are useful and practical
 - by activity, by geographic area
 - o tracking final disposition
 - method recycled, composted, recovered, disposed
 - location need to balance producer accountability with protection of commercially sensitive end-market information
 - o will stakeholders have confidence in the data?
 - some provinces require third party audits of both financial and performance data

- Stakeholders want to understand how EPR will affect them
 - o changes to their particular role and responsibilities
 - o changes to how they operate and their business model
- Form of legislation will determine how producers respond and how PPP EPR will work e.g.
 - form of relationship between producers and municipalities will be affected by whether legislation requires full EPR or municipal funding
 - producers more likely to have direct relationship with processors and end-markets if legislation requires full EPR

- Form of legislation will determine how producers respond and how PPP EPR will work (con't)
 - o definition of PPP may affect items in collection system
 - BC Recycling Regulation excludes hard/soft covered books
 - empty hazardous waste containers may be included in another EPR program
 - definition of diversion may determine whether paper is directed to recycling or composting
 - composting tip fees, commodity demand and value would also be considerations
 - timelines specified for plan development and program launch can affect number of existing contracts that extend beyond launch date

- Form of legislation will determine how producers respond and how PPP EPR will work (con't)
 - o Will one or more producer agencies be formed?
 - Canadian Stewardship Services Alliance (CSSA) is working to harmonize steward services across all provincial programs; would likely support producer agency in NS
 - producers could choose to work with CSSA or establish another agency
 - given population and available tonnes in NS, multiple agencies will reduce economies of scale

- More/less time makes process less/more difficult
 - PPP EPR affects many producers, including many small local companies lacking experience with EPR
 - PPP EPR affects many service providers who need time to adjust operations, business models, subcontracts
 - sufficient time for program design and consultation helps producers and stakeholders understand each other's perspectives and prepare for upcoming changes
 - o sufficient time between approval and launch allows
 - producers to develop effective working partnerships with their supply chain
 - time required for competitive procurement processes
 - lead time for new equipment and facilities, if required
 - time for existing contracts to expire or time to renegotiate

Case Study - Full EPR in BC

- Have been acting as project manager to support MMBC since September 2011
 - Phase 1 Survey to produce Current System Report March 2012
 - Program Design Options Report March 2012
 - o develop program design
 - o prepare Draft PPP Stewardship Plan
 - o consultation on Draft PPP Stewardship Plan
 - submission of final PPP Stewardship Plan to MOE
 - o revisions to plan resulting from discussions with MOE
 - o preparations for program launch on May 19
 - o implementation of program

Case Study - Full EPR in British Columbia



NSE PPP Summit

June 25, 2014

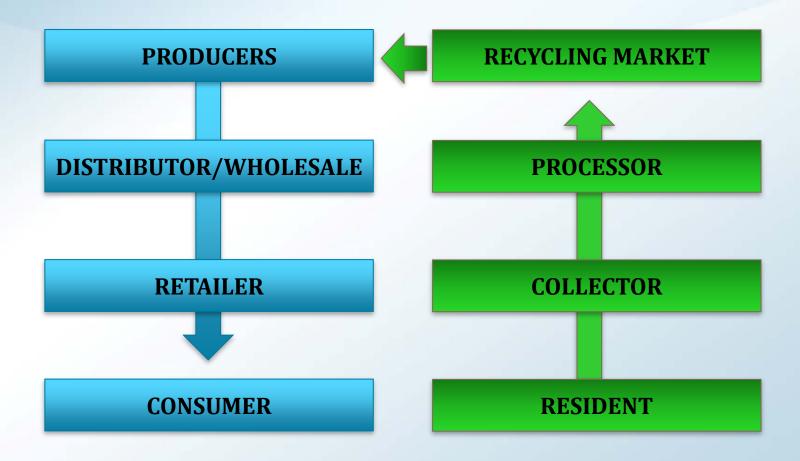
Producer Responsibility in BC

- Producers of PPP are fully responsible for
 - "reasonable access" to PPP collection services
 - -management of collected PPP
 - within the context of pollution prevention hierarchy
 - to achieve 75% recovery "within a reasonable time"
 - establishing relationships with those able to provide supply chain services i.e. local governments, First Nations, private companies, social organizations
 - -financing implementation of PPP Stewardship Plan

Producer Responsibility in BC

- Regulatory obligation placed on individual producer
 - producers can appoint agency to meet obligations
 - arrangements between producers and agency based on commercial terms and conditions
- Producers established MMBC to act as agency to meet regulatory obligations; MMBC
 - developed baseline data on existing system
 - consulted with producers and stakeholders
 - developed PPP Stewardship Plan for MOE approval
 - currently implementing approved plan

Supply Chain Alignment



Approach to BC Supply Chain

- MMBC offered collection incentives to
 - allow those currently collecting PPP to continue to do so
 - if they wish no obligation on existing collectors
 - reflect reasonable payment for providing collection service
- MMBC issued request for proposals to
 - hire post-collection contractor to
 - pick up PPP from depots
 - receive PPP from curbside/multi-family building collectors
 - transfer and transport (as required), process and market PPP
 - hire curbside collection contractors where local governments declined curbside incentive

Approach to BC Supply Chain

- All service providers required to execute contract with MMBC
 - terms and conditions taken from examples of contracts between BC local governments and their sub-contractors
 - same Master Services Agreement for all
 - Statement of Work with consistent terms and conditions to treat all collectors consistently but individualized where appropriate e.g.
 - specifics of service area i.e. type of containers
 - specific local government insurance arrangements some self-insure, some through BC provincial agency
 - align term with local government sub-contract expiry date
 - notice requirements for work stoppages where local governments operate with union staff

- MMBC offered financial incentives to
 - local governments and First Nations to provide curbside collection where curbside PPP/garbage service was provided
 - local governments, private companies, not-for-profit organizations to provide multi-family or depot collection
- Incentives were set
 - to reflect cost of operating an efficient and effective service
 - by assessing data compiled by accountant hired by MMBC
 - from ~30 programs urban, rural, remote, curb, MF, depot with separate
 PPP collection costs
 - auditor had access to collectors' financial records, invoices, contracts, etc.
 - auditor amortized capital costs and allocated blended costs (co-collection, admin staff, etc.) to PPP

Glass

- many BC local governments had never accepted glass in curbside programs or had already removed it
 - most glass packaging in BC already under deposit
 - limited markets for commingled glass given quality
- during consultation on draft plan, processors and endmarkets asked that glass be removed from commingled collection systems to protect quality of all PPP, including glass
- MMBC position glass delivered to depots or collected from curb/MF if segregated from other PPP

- Plastic film
 - 'soft plastics' accepted in some curbside programs
 - commingled in single-stream or with containers
 - during consultation on draft plan, processors and endmarkets asked that plastic film be removed from commingled collection systems to protect quality of all PPP, including film
 - MMBC position remove 'soft plastics' from curbside and accept # 2 and # 4 PE film at depots

- MMBC standard for quality of PPP collected
 - threshold for items not accepted in collection system
 - MRF residue includes these items as well as PPP not captured by processing system
 - MRF residue typically 5% to 15% depending on number of streams, type of collection container, level of resident education effort, curbside feedback, etc.
 - threshold of 3% by weight of items not accepted in collection system
 - procedures document sets out sequence of composition audits over the course of ~12 months to provide opportunity for collector to implement resident education and other activities to improve quality before service level failure credit could be activated

- Incentives were offered via workshop and posted documents
 - collectors had ~3.5 months to accept, decline or opt out
 - where accepted, MMBC provided contract to be executed by specific date
- Local governments required council approval
 - where council had been receiving regular updates from staff on plan development process, decision was more straight forward
 - where councils were introduced to plan when asked to approve contract, more questions, challenging decision timeline
- Where subcontracts extended beyond program launch date, required contract amendment to remove post-collection, modify collection
 - BC MOE suggested, when first introducing PPP regulation, that local governments align contract terms to PPP program launch
 - many had done so; of those that had not, most were able to negotiate amendments; some could not and were not able to accept incentives

Collection Services

- 167 collectors accepted incentives and executed agreements with MMBC representing
 - -~75% of curbside and multi-family households
 - -> 200 depot locations
- Some local governments opted out of program
 - e.g. Delta, Abbotsford, Mission, Hope, Kamloops,
 Chilliwack
 - have since asked to join MMBC's program
 - MMBC will seek to add collectors during development of annual operations budget for next program year

Collection Services

- Where local governments declined curbside incentive but did not opt out
 - MMBC issued RFP and awarded contracts for PPP curbside collection service
 - service transitioned to MMBC on May 19
 - Kootenay Boundary East Subregion including Trail
 - areas of Central Kootenay surrounding Castlegar
 - areas of North Okanagan including Vernon
 - service transitioning to MMBC over coming months
 - Coquitlam, Anmore, University Endowment Lands, Langley, Revelstoke - when local government's subcontract expires
 - new PPP service to be introduced on September 1 to
 - Quesnel and Prince George

Collection Services

- Communications materials provided to collectors
 - FAQs and description of MMBC's PPP recycling program
 - resident-friendly list of materials accepted/not accepted
 - graphic icons for list of materials
 - templates for
 - ads print and online
 - recycling guides versions for programs collecting glass at curbside and glass directed to depot
 - depot signs
 - magnets
 - "oops" stickers for educating residents about inappropriate items in curbside collection system

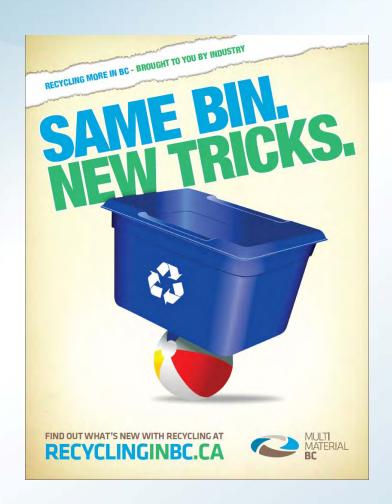
Online Ad



Resident Website



Print Ads





Direct Mail Piece

- Delivered to residents in MMBC curbside service areas
- Template available to local government collectors



Starting May 19, Multi-Material BC (MMBC) will be responsible for collecting and recycling your residential packaging and printed paper. That means you'll see a few changes in your recycling program.

WHAT TO EXPECT:

- You will get new recycling boxes and you'll be able to recycle more materials.
- Before the May 19 program start date, watch for new recycling boxes to be delivered directly to your door. Inside one of the boxes you'll find a Recycling Guide and Collection Schedule that will explain everything you need to know about the new MMBC program.

MORE INFORMATION ON THE OTHER SIDE >>>

Recycling Guide (Page 1)



Recycling Guide (Page 2)





- # Hardcover or paperback books # Non-paper gift wrap, e.g. foil, ribbons

- 1. Set recycling out on recycling day, not the night before, to avoid attracting animals.
 2. Prevent loose paper and paper packaging from blowing away by stacking the blue box for container packaging on top of the blue box for paper packaging, or by placing a rock on top of the paper packaging.

REMEMBER: Remove plasts wrap from cardboard flats. Hatten and tie in bundles no larger than 8" thick (20 cm) X 30" wide (78 cm) X 30" tall (78 cm); staples and tape accepted;

Boxes with wax coatings,

e.g., grocery shipping boxes

Foil-lined bags, e.g., for cookies and some
pet food

- Firipty and rinse containers
 Put metal lids inside cans and squeeze slightly
 Take non-deposit glass bottles and jars to the drop off depot

DO NOT INCLUDE

- Straws, non-paper insulating wraps
 Foil-lined cardboard take-out container lid
 Propane tanks or cylinders; steel or plastic

- Notices for most of, ventice audiciants or wax products
 Pails for lubricants and oils
 Metal or plastic toys
 Coat hangers, post, paris or baking trays
 Appliances, hardware or other scrap
 metal; wiring, metal cords or
- meta, writing, tractac data of the extension cords

 **Chip or foil bags, foil wrap with papet, e.g., butter, cigarettes; stand-up pouches

 **Liquid absorbing pade; kitchen plantic wrap or stretch wrap for mest pooltry, fish or cheese

 **Glass plastic bags or foran containers
- # Blister packs, e.g., plasticfoil protectiv
- packaging for chewing gum and pills
 Packaging labelled as biodegradable
 Ceramic pots; lawn edging, tarps, plast
 furniture, garden hoses; string or rope
- furniture, garden hoses; string or rope

 **Pails larger than 251.

 **full or partly full aerosol care or aerosols
 that contained paint, waxes, poishes,
 lubricating oits, solvents, insulating foam,
 pesticides, or hazardous waste marked
 with hazardous materials symbols,
 - e.g., comosives, poisons or flammable products (For information about how to dispose of the above materials, call the RCBC Hotline 1-800-667-4321 or check Recyclepedia, v

RECYCLE AT DROP-OFF DEPOTS (TAKE TO DEPOTS ONLY)



Plastic Bags and Overwrap

- Clear or opaque plastic bags | 8 ags for produce, pre-washed for groceries, dry cleaning, salad, dry bulk foods and |
- frozen vegetables

 Bags for water softener, salt,
 wood pellet and garden furniture and electronic

Plastic Foam Packaging

Plastic foam containers, trays for food and cushion packaging used to protect electronics, small appliances, etc.

PLEASE RECYCLE AT DEPOTS:

REMEMBER:

• Remove labels, tape, paper and cardboard

• Please separate colour and white plastic for

DO NOT INCLUDE

ABOUT MULTI-MATERIAL BC Lumber or construction wrap Relastic shipping envelopes, bubble

Starting May 19, 2014, businesses that supply packaging and printed paper to BC real-dest will be responsible for collecting and managing these materials so they can be necycled. Multi-Martial BC (MMGA), one-point organization working on behalf of these businesses, will be responsible for residential recycling programs in many areas across BC, either of leeckly or by working with local governments, Frist Nations, private companies and no-before print organizations.

* Drinking glasses; dishes; coolware; whole or broken window glass or mirron;

Want more information? Go to: RecyclingInBC.ca

Glass Bottles and Jars

PLEASE RECYCLE AT DEPOTS:

Clear and coloured non-deposit glass bottles and jars

IDEAL SET-OUT:



Unsure what to do with household hazardous waste, used oil, batteries, electronics and more? Call the RCBC Hotline 1-800-667-4321 or check Recyclepedia (www.rcbc.ca/recyclepedia/search)



Mobile Application





Post Collection Services

MMBC issued RFP

- received multiple submissions
- awarded to Green by Nature EPR (GBN) a new organization founded by Cascades Recovery, Emterra Environmental and Merlin Plastics

GBN's submission included

- province-wide system utilizing 45 existing facilities (local government, private, not-for-profit) as receiving, transfer and preconditioning facilities
- plus new container sorting facility to be operational in Q4 2014 to facilitate automated sorting of plastics

Post Collection Services

- GBN is responsible for
 - receiving curb/multi-family collection vehicles
 - providing transport containers to depots and picking up PPP from depots
 - weighing all PPP received
 - processing and marketing PPP
 - reporting to MMBC
 - weight and type of PPP received by collector
 - weight and type of PPP shipped
 - location of final destination

Monitoring System Operation

- Monitoring quantities collected
 - inbound weights as kg per curb and MF HH
 - quantity of PPP handled by each depot collector
- Monitoring quantities recycled
 - monthly reporting by post-collector of quantities received and shipped
 - annual third party audit
- Monitoring PPP supplied
 - composition audits
- Monitoring PPP composition and quality
 - routine sorting of samples of collected PPP
 - periodic sorting of samples of MRF residue

Questions

Email: glendagies@ggies.ca

Telephone: 905 435 8310