

ADVICE TO MINISTER

**CONFIDENTIAL
ISSUES NOTE**

Ministry of Jobs, Tourism and Skills Training
and Responsible for Labour

Date: Mar. 10, 2014

Minister Responsible: Hon. Naomi Yamamoto

MMBC – Business Concerns

SUGGESTED RESPONSES:

- The Province is committed to making industry responsible for collecting and recycling the packaging it puts on the market place.
- The new MMBC program shifts the cost of recycling from taxpayers to those who produce the material in the first place.
- The program will result in an estimated \$80 million to \$100 million in savings to B.C. taxpayers.
- In most cases it will be up to local governments to pass on these savings to municipal taxpayers.
- Any impact on consumers will be very minimal. The average per-unit cost for recycling packaging or printed paper materials included in the MMBC program is estimated at less than one cent.

Small Business Concerns:

- Our government listened to the concerns of small business.
- That's why we asked MMBC to work with the business community – led by the BC Chamber of Commerce – on a

ADVICE TO MINISTER

set of recycling rules that makes sense for small business while still achieving our shared environmental goals.

- Government intends to amend the existing *Recycling Regulation* to exempt small businesses from any reporting or recycling costs if they meet any one of the following criteria:
 - Under one million dollars in annual revenues;
 - Under one tonne of packaging and printed paper supplied to B.C. residents; or
 - Operate as a single point of retail sale and are not supplied by or operated as part of franchise, a chain or under a banner.
- We are providing certainty for businesses and reducing unnecessary red tape by ensuring clear thresholds for small business participation in the MMBC program are regulated.
- MMBC projects only the largest 2000-3000 (less than 1 per cent) of roughly 385,000 businesses in B.C. would be above these thresholds with the largest 150 responsible for 80 per cent of the costs.
- The B.C. Chamber of Commerce worked with MMBC on developing this policy and has given it their full support.

BACKGROUND:

Business Concerns:

On March 10, 2014, a number of businesses and organizations launched a public campaign called '**Rethink It BC**' to protest regulatory changes involving the recycling of printed-paper and packaging (PPP).

ADVICE TO MINISTER

During a news conference on Mar. 10, the groups asked that the new recycling program – due to begin on May. 19, 2014 -- be halted, raised concerns about a lack of consultation and said that “this new red tape will kill jobs and cause many businesses to fail”.

The campaign involves newspaper ads in 130 newspapers in B.C., a website (rethinkitbc.ca), and a Twitter hashtag (#RethinkItBC). The business groups involved include:

- the Canadian Federation of Independent Business,
- BC Bottle & Recycling Depot Association,
- BC Landscape & Nursery Association,
- BC Printing & Imaging Association,
- BC & Yukon Community Newspapers Association,
- Canadian Manufacturers and Exporters,
- Newspapers Canada and
- Waste Management Association of BC.

Small Business:

- On Feb. 4, 2014, MMBC and ENV announced their Small Business Policy to provide significant relief to business.
- Government intends to amend the existing Recycling Regulation to exempt small businesses from any reporting or recycling costs if they meet any one of the following criteria:
 - Under one million dollars in annual revenues;
 - Under one tonne of packaging and printed paper supplied to B.C. residents; or
 - Operate as a single point of retail sale and are not supplied by or operated as part of franchise, a chain or under a banner.
- MMBC projects only the largest 2000-3000 (less than 1 per cent) of the over 385,000 businesses in B.C. would be above these thresholds with the largest 150 responsible for 80 per cent of the costs of the program.
- The BC Chamber of Commerce (Chamber), Canadian Federation of Independent Business (CFIB), BC Small Business Roundtable (SBRT) and other business organizations conveyed concerns regarding the regulation and MMBC, including:
 - the administrative burden the regulation would place on small businesses; and
 - implementation of the regulation and approval of MMBC’s stewardship plan without appropriate/full consultation with the small business community.
- On Jan. 31, 2014, the CFIB awarded MMBC with their first annual “Paperweight Award” during Red Tape Awareness Week for being “the worst offender when it comes to fighting red tape.”
- On Jan. 23, 2014 Laura Jones with the CFIB wrote an op-ed in The Province newspaper that stated, “MultiMaterialsBC, a new agency given its power by the B.C. government, is threatening businesses with some of the worst red tape we’ve ever seen. Its website tells businesses: ‘Ensure your legal and/regulatory affairs department is aware of your compliance obligations.’ Reality check: My hairdresser doesn't have a regulatory affairs department! B.C. is a red tape reduction leader but needs to clean up its act when it comes to such "off book" regulatory activity.”

ADVICE TO MINISTER

- The concerns raised by CFIB focus on MMBC's requirements as a stewardship agency, not the requirements imposed by the Ministry. MMBC has, and continues to have, discussions with CFIB.

Multi-Material BC:

- Multi Material BC (MMBC) is a not-for-profit stewardship agency developed by producers of packaging and printed paper, for producers of packaging and printed paper, to meet their obligations under the Recycling Regulation. To date the majority of large producers of PPP have chosen to appoint MMBC as their stewardship agency.
- The MMBC project team is continuing to identify producers of Packaging and Printed Paper to alert them to their new obligations under Schedule 5 of the Recycling Regulation.
- Businesses are encouraged to visit MMBC's website at <http://multimaterialbc.ca/> for full details on the MMBC program that will be implemented May 19, 2014. Further, businesses interested in discussing MMBC's program can contact 1-888-980-9549.
- For the past decade, local governments have requested the province regulate Extended Producer Responsibility (EPR) for Packaging and Printed Paper (PPP) and accelerate the development of new programs.
- In 2009, the Canadian Council of Ministers of the Environment (CCME) agreed to develop a Canada-wide Action Plan for EPR and called for all jurisdictions to implement an EPR program for packaging and printed materials by 2015.
- Quebec, Ontario and Manitoba have established programs with varying success rates.
- In May 2011, the Recycling Regulation was amended to include PPP (all paper printed with text or graphics such as newspapers, flyers, and phonebooks) category.
- As required under the Regulation, producers were required to submit a stewardship plan to MoE by November 19, 2012 and implement their approved stewardship plan by May 19, 2014.
- MMBC's approved plan has a number of commitments including to:
 - Increase collection service levels province wide so that 97 per cent of residents have a relatively convenient recycling option.
 - Provide curbside (blue box) collection services to 84 per cent (1.45 million) of single and multi-family households in B.C.
 - Increase the provincial PPP recycling rate from 56 per cent to 75 per cent.
- Local government had until the end of November 2013 to decide if they would participate in the MMBC program. For those who participate, the program will be implemented in May 2014.
- These contracts also contain a 180 day cancellation clause which local governments can invoke.
- Local governments who have asked for an extension to negotiate will have the program implemented at a later date (possibly 2015) if they decide to participate.
- The Ministry has also offered its continued support to UBCM by assisting local governments in the transition to EPR for PPP, including hosting seven regional meetings across the province to meet with local governments and provide clarification and assistance in interpreting the Recycling Regulation.

MMBC, EPR, AND PACKAGING AND PRINTED PAPER

- The Province is committed to making industry responsible for collecting and recycling packaging it puts on the market place.
- The new MMBC program shifts the cost of recycling from taxpayers to those who produce the material in the first place.
- The program will result in an estimated \$80 million to \$100 million in savings to B.C. taxpayers.
- In most cases it will be up to local governments to pass on these savings to municipal taxpayers – options include redirecting funds towards other zero waste programs such as organic waste management and composting, or reducing municipal taxes.
- Nothing changes with the existing blue box program. British Columbians who currently have blue box service will continue to have this service after the MMBC program takes effect in May.
- In fact, several new communities including Terrace, Smithers, 108 Mile House, and Nakusp will have curbside recycling for the first time.
- The MMBC program will allow 10 new materials to be recycled such as milk cartons, foam packaging, plant pots and drink cups.

- Any impact on consumers will be very minimal. The average per-unit cost for recycling packaging or printed paper materials included in the MMBC program is estimated at less than one cent.

If asked about small business concerns:

- Our government listened to the concerns of small business, which is why we asked MMBC to work with the business community, led by the BC Chamber of Commerce, on a set of recycling rules that makes sense for small business while still achieving our shared environmental goals.
- Government intends to introduce a new regulation which will exempt small businesses from any reporting or recycling costs if they meet any one of the following criteria:
 - Under one million dollars in annual revenues;
 - Under one tonne of packaging and printed paper supplied to B.C. residents; or
 - Operate as a single point of retail sale and are not supplied by or operated as part of franchise, a chain or under a banner.
- We are providing certainty for businesses and reducing unnecessary red tape by ensuring clear thresholds for small business participation in the MMBC program are regulated.
- MMBC projects only the largest 2000-3000 (less than 1 per cent) of roughly 385,000 businesses in B.C. would be above these thresholds with the largest 150 responsible for 80 per

cent of the costs.

- The B.C. Chamber of Commerce worked with MMBC on developing this policy and has given it their full support.

John Winter, president and CEO, BC Chamber of Commerce –

“These changes are great news for B.C.’s business community and demonstrate that this government is serious about its commitment to red tape reduction. We applaud government for truly listening to B.C. businesses and taking action to protect our business community from burdensome fees and red tape.”

Background:

- For the past decade, local governments have requested the province regulate Extended Producer Responsibility (EPR) for Packaging and Printed Paper (PPP) and accelerate the development of new programs.
- In 2009, the Canadian Council of Ministers of the Environment (CCME) agreed to develop a Canada-wide Action Plan for EPR and called for all jurisdictions to implement an EPR program for packaging and printed materials by 2015. Quebec, Ontario and Manitoba have established programs.
- In May 2011, the Recycling Regulation was amended to include PPP (all paper printed with text or graphics such as newspapers, flyers, and phonebooks).
- As required under the Regulation, producers were required to submit a stewardship plan to MoE by November 19, 2012 and implement their approved stewardship plan by May 19, 2014.
- MMBC's approved plan includes:
 - Increasing collection service levels province wide
 - Providing curbside (blue box) collection services to 1.25 million households in B.C.
 - Increasing the provincial PPP recycling rate from 52 per cent to 75 per cent.
- 86 communities have signed on for the MMBC program starting on May 19th. They are part of 170 service providers who have reached an agreement with MMBC to provide recycling services to over 1.25 million households (73% of B.C. residents).
- These contracts also contain a 180 day cancellation clause which local governments can invoke.

- Local governments who missed the November 30th deadline to sign up or who have asked for an extension to negotiate will have the program implemented at a later date (possibly 2015).
- A key objective for MMBC is to ensure the program is run in the most cost-efficient manner possible. The base incentive rate offered to local governments to act as collectors ranges from \$32 to \$35 per household, the same as it is now. All of the income will be invested in B.C. for the purpose of running the most efficient recycling system possible.

Small Business

- On February 4th, the Province introduced a Small Business Policy to provide significant relief to business.
- Government intends to introduce a new regulation which will exempt small businesses from any reporting or recycling costs if they meet any one of the following criteria:
 - Under one million dollars in annual revenues;
 - Under one tonne of packaging and printed paper supplied to B.C. residents; or
 - Operate as a single point of retail sale and are not supplied by or operated as part of franchise, a chain or under a banner.
- MMBC projects only the largest 2000-3000 (less than 1 per cent) of the over 385,000 businesses in B.C. would be above these thresholds with the largest 150 responsible for 80 per cent of the costs of the program.
- For those businesses that don't fall under these thresholds, MMBC will be offering an annual flat fee for low volume producers to cover the costs of managing packaging and printed paper while relieving the administrative burden of providing detailed reporting.
- There are two categories of low volume producers:
 - A fee of \$550 for those who produce between one and two-and-a-half tonnes of printed paper and packaging; and
 - A fee of \$1200 for those who produce between two-and-a-half and five tonnes of printed paper and packaging.