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<p>ESTIMATES NOTE (2017)</p> <p>Confidential</p> <p>Ministry of Environment and Climate Change Strategy</p> <p>Date: October 2017</p>	<p>Packaging and Printed Paper Extended Producer Responsibility Program</p>
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KEY MESSAGES:

- Introduction of the Packaging and Printed Paper program in 2014 was a major change in how regular residential recycling was managed, and although the residential recycling experience only had minor adjustments, many local governments resisted such change at the time, and many producers failed to participate in the program – thereby limiting funding to Recycle BC (formerly Multi-Material BC) for service offers to all eligible BC communities.
- The Ministry has since undertaken one of the largest and most successful compliance and enforcement campaigns in Ministry history - with approximately 500 ‘freeriding’ PPP producers coming into compliance and Recycle BC recovering \$7M in annual fees to help fund full program implementation.
- As the newspaper sector itself was the largest ‘freeriding’ producer, the Province undertook extensive negotiations with this sector and has recently made arrangements whereby it will pursue compliance through development of its own stewardship plan, and RBC will receive proper funding for program expansion.
- Since implementation, all waitlisted communities have realized the full benefits of the program being realized by other communities, and now desire service and will be offered such by year end as Ministry compliance and enforcement work reaches substantial completion in late 2017.
- On-boarding of some waitlisted communities e.g. Abbotsford, Chilliwack, Mission and Kamloops, was completed March/April 2017, and several more have since been offered producer-funded services by Recycle BC.

BACKGROUND:

- As per the requirements in the BC Recycling Regulation, Recycle BC (RBC) launched its Packaging and Printed Paper (PPP) program in May 2014.
- RBC offered local governments currently providing residential curbside PPP or garbage collection the “first right of refusal” via a financial incentive to (continue to) provide PPP collection services in their communities on behalf of RBC.
- After negotiations had occurred, 64 local governments (including municipalities, regional districts, and First Nations) representing 150+ distinct communities had accepted the RBC incentive and began providing curbside collection service for RBC.
- Many local governments expressed concern with RBC’s offer and rejected the collection incentive and chose not to participate in the program. Key issues revolved around implementation/operational aspects of the plan including: timing,

scope of collection services, financial incentives, penalties for contamination and terms of collector agreements.

- Since launch, numerous complaints have been received from local governments who previously rejected the RBC offer but now wish to be included in the program, but were not able to join due to RBC funding constraints.
- RBC added these communities to a “waitlist” for service, once it had the necessary funding to expand its program.
- RBC claimed that ongoing free-riding producers, primarily in the newspaper sector, along with other compliance-based issues, were hindering their ability to expand service to waitlisted communities.
- Extensive compliance and enforcement action by the Ministry to bring “freeriding” producers into compliance has helped towards funding full program implementation.
- An agreement between Ministry and RBC outlines the steps necessary for full on-boarding of waitlisted communities. Key elements are:
 - In December 2016, the Ministry finalized an agreement with Recycle BC to begin to on-board select waitlisted communities by providing a one-time bridging grant of \$5M, which was first to be applied in 2017/18. This left a difference of \$9M for full on-boarding of all other waitlisted communities.
 - In February 2017, Treasury Board approved the \$9M funding required for the RBC agreement. This totalled up to \$14M over 5 years and equalled the fees due to RBC by the newspaper industry over that period.;
 - RBC will on-board all waitlisted communities over the period ending March 31, 2022 and fund all remaining operating costs for expansion (~\$60M in total RBC estimated operating costs, partly offset by the \$14M total provincial contribution); and
 - The Ministry will ensure that newspaper producers achieve regulatory compliance by fall 2017 and remain compliant until at least December 31, 2022.
- The Ministry has also finalized an agreement with the newspaper sector that includes value-in-kind and financial contributions from newspapers (to offset up to \$6M of the \$9M expenditure), and the requirement to develop a stewardship plan in order to achieve compliance under the Regulation. These temporary arrangements for this declining sector, is not unlike those in other jurisdictions.
- Therefore, there are two separate agreements now in place that will have the effect of bringing service offerings to all waitlisted communities by January 2018, bringing newspapers into compliance pending stewardship plan approval, and effectively fulfill the original scale and intent of the program.

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