

Resolution 2

Extended Producer Responsibility for Printed Paper and Packaging (EPR for PPP) (passed in 2018, retained in 2019)

WHEREAS municipalities have been abiding by the Solid Waste-Resource Management Regulations since 1995; and

WHEREAS these regulations hold municipalities solely accountable for proper separation of blue bag materials; and

WHEREAS municipalities must manage the risk of rising costs and fluctuating commodity markets for blue bag materials; and

WHEREAS municipalities' residential recycling programs cost over \$25 million per year and are paid for primarily by municipal taxpayers; and

WHEREAS 80% of Canadian consumers live in areas where producers fund PPP programs by incorporating program costs into their national product pricing; and

WHEREAS Nova Scotia consumers are already paying the national product prices that support PPP programs in other provinces, but receive none of the benefits because Nova Scotia has no EPR program; and

WHEREAS NSFM has developed a proposed model for EPR for PPP in cooperation with municipalities and businesses; and

WHEREAS EPR for PPP would significantly decrease both costs and risks associated with municipal curbside recycling programs;

THEREFORE, BE IT RESOLVED that NSFM request the Province develop legislation and regulations in support of a full EPR for PPP model as proposed by NSFM in consultation with municipalities and businesses; and

FURTHER BE IT RESOLVED that the province provide a transition program to assist those municipalities who are left with redundant facilities.

Issue Identification:

Nova Scotian municipalities spend more than \$25 million a year to collect and process blue bag materials, printed paper and packaging (PPP). Coordinated PPP recycling programs exist in many other provinces, but not in Nova Scotia. In other provinces, these programs are funded by the companies that produce PPP, who incorporate the costs of the recycling programs into their national product pricing. This approach is known as extended producer responsibility (EPR).

Because producers build these costs into their national product pricing, Nova Scotia consumers are already paying for the costs of the PPP programs operating in other provinces. But Nova Scotian consumers and municipalities don't receive any benefit for these costs because Nova Scotia has no PPP program. Implementing an EPR program to recycle PPP materials here in Nova Scotia will help to harmonize costs with other provincial EPR programs, and additionally generate a financial benefit of up to \$16 million per year.

Background:

EPR is a regulatory tool designed to drive industry to be financially and environmentally responsible for the end-of-life management of the materials they put into the marketplace. A full EPR model (also known as FPR, for Full Producer Responsibility) for Nova Scotians will build on the progress that has been made in recycling in Nova Scotia over the past 20 years and will harmonize with existing EPR programs across Canada. An EPR for PPP program for Nova Scotia will save Nova Scotian municipalities millions.

Nova Scotia does have a few stewardship programs in place for products such as paint, tires and some electronics. There is also a diversion credit system for beverage container deposits which provides a stream of funding for municipalities which should be maintained. In these specific cases, these programs are paid for by the consumer at the point of sale through the collection of environmental handling fees. The dairy industry also operates an EPR-style program for the recycling of some (though not all) of their containers.

However, the bulk of Nova Scotian recycling programs and services are funded through a combination of municipal taxes and/or the payment of tipping fees. In large part, these are collected through residential, commercial, and industrial property taxes. In the

current system, municipalities typically have very little control over the costs associated with processing and marketing recyclable materials. In recent years, exposure to fluctuations in market conditions for plastic bags and plastic film has caused a noticeable strain on the Nova Scotian recycling system and Nova Scotian municipalities.

EPR was a priority resolution in 2018, and NSFAM has been busy at work pursuing this issue. The Province asked NSFAM to consult Nova Scotian businesses on the EPR proposal supported by the 2018 resolution developed in collaboration with the Solid Waste Chairs. NSFAM and municipal solid waste staff throughout Nova Scotia received responses for a month and a half, with the submission deadline set at March 15th, 2019.

The results of the consultation were collated and added to the EPR proposal produced by the Solid Waste Management Regional Chairs Committee Priorities Working Group. The Priorities Working Group met several times between March and May to develop drafts of the proposal, with the final product being presented to the Regional Chairs on May 16th, 2019, where it was approved for submission to Nova Scotia Environment.

The 88-page proposal was delivered to Minister Wilson on June 5th, 2019. The proposal was also sent to all NSFAM members, and a CBC story by Michael Gorman covered the release. A spokesperson for the Minister of Environment has stated that the Minister will hold off on making any statements about the EPR proposal until an efficiency study on solid waste management in Nova Scotia is complete and submitted.

Nova Scotian municipalities spent more than a year participating in an efficiency study of the solid waste and recycling system. The study included analysis of what the financial and process-based benefits of EPR might look like in Nova Scotia, and it offers numerous well-reasoned recommendations for improving the efficiency of Nova Scotia's solid waste management system. This report went public on September 23rd, 2019.

Impact on Municipalities:

Not only are plastics causing irreparable damage to our environment, they are also burdening the budgets of every municipality that is stuck trying to deal with them. With dwindling markets for plastic film, some of Nova Scotia's municipalities are forced to stockpile plastics in warehouses and rented semi-truck trailers. It's costing

municipalities millions each year; money that could be better spent on paving roads and building/fixing much needed infrastructure.

Solid waste management services continue to be one of the most expensive line items for any Nova Scotian municipality. The total cost of these services for Nova Scotian municipalities in 2017, even after considering revenues from tipping fees and the sale of recyclables, exceeded \$91 million. At a cost of approximately \$94 per capita, Nova Scotian residents are roughly on par with citizens in other provinces for solid waste management costs. However, British Columbia, Saskatchewan, Manitoba, Ontario and Quebec have a form of fiscal relief we do not have: EPR.

There are several grants and programs that assist with the costs of solid waste management in Nova Scotia. In total, this assistance has averaged approximately \$8 million over the past decade. However, in 2017, due to fluctuations in the market price of recyclables and increased return rates, this amount dropped to just over \$6 million. And over this same period, expenses facing municipalities have continued to climb at a pace nearly tripling the overall cost of living, as measured by the consumer price index (CPI).¹

	2005	2015	% Change
Garbage and Collection Costs (all NS)	\$ 70,115,488	\$ 109,403,443	56.03%
CPI - Canada, All-items (2002 = 100)	107	126.6	18.32%
CPI - Nova Scotia, All-items (2002 = 100)	108.2	129.3	19.50%

Proposed Action:

NSFM has had a busy year pursuing the EPR resolution. Although 80% of Canadians already live in provinces with EPR, this year we saw the Prime Minister of Canada’s office (PMO) express support to bring the rest of Canada’s provinces online with EPR. The Canadian Council of Ministers of Environment (CCME) also met in Halifax this year, and they announced that EPR is their number one priority action, with the CCME aiming to facilitate consistent EPR programs for plastics across Canada by December 2020. With the EPR proposal and efficiency study both in Minister Wilson’s hands,

¹ These data are collected from the 2005 and 2015 Annual Reports of Municipal Statistics published by Service Nova Scotia and Municipal Relations (2005) and the Nova Scotia Department of Municipal Affairs (2015).

NSFM recommends that staff continue to work on the 2018 resolution supporting a full EPR program in Nova Scotia as detailed below.

- The EPR program should use existing infrastructure and human resources
- Municipalities would have right of first refusal for collection and education
- The program would maintain or improve upon the current level of curbside service
- The program would apply to residential PPP materials
- Time must be allowed for planning and transition
- A transition program would be provided by the Province for municipalities with redundant facilities
- Most small businesses would be exempt, including those:
 - With revenue under \$2 million
 - Supplying less than 1 ton of PPP to Nova Scotia residents annually
 - With a single storefront in NS and who are not supplied by (or operated as part of) a franchise
 - Producing newspapers (except flyers) and registered charities
- The program would be harmonized with other Canadian EPR programs
- Monitoring and compliance must be in place to ensure a level playing field for businesses
- Moving to an industry-led model may have implications for municipalities who have invested in infrastructure to deal with waste from printed paper and packaging. Assistance in transitioning to the industry-led model should be made available.