

Resolution 2

EXTENDED PRODUCER RESPONSIBILITY FOR PRINTED PAPER AND PACKAGING (EPR FOR PPP) (PASSED)

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 blue-bag 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 the NSFM has developed a proposed model for EPR for PPP in cooperation with municipalities; 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 other stakeholders; and

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

Issue Identification:

The Canadian Council of Ministers of the Environment committed to a Canada-wide action plan for extended producer responsibility (EPR) and a national strategy for sustainable packaging in 2009. Nova Scotian municipalities passed resolutions in 2010 and 2014 in support of EPR for printed paper and packaging (PPP). 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.

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 Scotia 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.

Having those who generate the waste be responsible for disposing of it should provide an incentive to generate less waste.

Background Information:

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 and 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 Scotia 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.

In 2015, UNSM held a workshop on EPR which provided information on how the stewardship program might work. Around the same time, concerns from small business and some municipalities were expressed. As a result, the Province indicated it would not move on EPR.

The Solid Waste Chairs committee met with the Province requesting EPR in 2016. The response from the Department of the Environment indicated a lack of sufficient support from stakeholders to move forward with EPR. The Province asked municipalities to take the lead in building a business case and creating the conditions for success.

Impact on Municipalities

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:

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 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.

The Solid Waste Priorities Committee has been meeting with municipalities, numerous stakeholders throughout the province and with national businesses. The Committee has developed a framework for an EPR model for PPP based on the following objectives:

- Meet public demand for a sustained and improved NS Recycling system
- Increase efficiency of recycling programs
 - Collection
 - Education
 - Marketing of post-consumer materials
- Reduce the cost of managing solid waste in Nova Scotia
- Incent innovation in packaging design

The Priorities Committee has developed a proposed model (below) and is consulting with the business community to understand whether this model might work for them, and if not, what would.

- The EPR program should use existing infrastructure and human resources
- Municipalities would have right of first refusal for collection and education

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).

- 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 tonne 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

The feedback received, and a proposed model, based on the objectives noted above, will be sent to the province for consideration. It is understood the province will make the final determinations on what the model will be.

This resolution will provide evidence to the Province of municipal support.

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.

Response from:
Department of Municipal Affairs

RESPONSE: