



PACKAGING AND PRINTED PAPER DIALOGUE PHASE IV

Report on the Phase IV Packaging
and Printed Paper Dialogue

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INTRODUCTION

Thanks to the Environmental Trust Fund, Recycle NB received support in 2018 to continue its Dialogue with New Brunswickers on an extended producer responsibility (EPR), packaging and printed paper (PPP) recycling program.

Recycle NB believes that creating a common understanding about extended producer responsibility (EPR) and particularly about a recycling program for household waste packaging and paper is vital to implement an industry stewardship plan for these products.

Recycle NB's work began in 2015 when it hosted a multi-stakeholder, province-wide forum on PPP and commissioned a study on how an EPR PPP program could be developed in the Atlantic provinces. The study concluded that a PPP program in New Brunswick could provide up to \$15 million for municipalities to off-set the cost of recycling packaging and printed paper.

In 2016, Recycle NB continued its Dialogue on PPP by increasing awareness and understanding of PPP and EPR among stakeholders. It focused on the groups that would be most impacted by such a program including municipalities, Regional Solid Waste Commission (RSCs), solid waste management facilities, indigenous communities, industry and citizens.

During this phase of the Dialogue, Recycle NB consulted key stakeholders on how they perceive the challenges and opportunities related to the implementation of an extended producer responsibility recycling program for PPP and obtained feedback on how to move forward in the context of New Brunswick.

In 2017/18, Recycle NB broadened the number of groups involved and hosted a full day workshop in February 2018. Participants came from a broad range of sectors and included representatives from New Brunswick municipalities, municipal associations, RSCs, Solid Waste Managers, citizen representatives and industry representatives. The three other Atlantic Provinces also participated. In total, 74 people were invited to the workshop and participated in group discussions on the features of a made-in-New Brunswick packaging and printed paper recycling program.

Last year Recycle NB also organized a study tour to Saskatchewan to study the province's PPP program and conducted a literature review on the main trends emerging in PPP and EPR in Canada and elsewhere.

The PPP Dialogue and multiple presentations by Recycle NB to interested parties point towards a general consensus emerging in New Brunswick on the following points:

- All groups consulted to date are generally supportive of introducing an extended producer responsibility recycling program for packaging and printed paper.
- The municipalities consulted directly, through the various municipal associations, RSCs and Solid Waste Managers are supportive of a PPP program provided it is designed to protect municipal interests and provides quality recycling services to citizens.
- A new PPP program needs to be grounded in higher-level objectives and have clearly stated and attainable objectives related to one or more potential outcomes related to environmental, social or economic priorities. These need to be established up front and articulated clearly in Regulations and Legislation.

- Environmental targets and recovery rates will need to be clearly identified and monitored against a management plan.
- There is an opportunity to maximize economic benefits for the province through the creation of green jobs and by investing in recycling facilities that could expand their reach beyond our province.
- There does not yet appear to be a consensus in New Brunswick on the level of industry funding in a PPP program and the associated level of municipal/RSC control over the recycling program. It should be noted that the trend in Canada is to move towards a 100% industry funded program. British Columbia has a full EPR program funded at 100% by industry. Quebec is 100% industry funded and Ontario is moving in that direction. Information gathered this year revealed that Saskatchewan should have gone to a 100% versus their current 75% of industry funding.
- There needs to be proper enforcement authorities and capacity to ensure compliance with the management plan.
- There is strong consensus on the need for a legislated advisory committee or process to provide a meaningful forum for the municipal sector and other stakeholders to provide input to the industry steward and to Recycle NB.

Phase IV of the Dialogue addresses the remaining information gaps needed to design and implement a PPP program.

Specifically, this report documents how the EPR PPP program in Québec operates and the lessons New Brunswick can draw from our neighboring province. It also expands on two areas where information was still incomplete at the end of Phase III: rules for small businesses, and payments to municipalities.

1. NATIONAL AND INTERNATIONAL CONSIDERATIONS WHEN DEVELOPING A PPP PROGRAM IN NEW BRUNSWICK.

Since Recycle NB began its PPP Dialogue a number of national and international trends have emerged that are relevant to the introduction of a made-in-New Brunswick PPP program.

This section will cover some of these trends and explain why the Province needs to be mindful of broader environmental issues when considering its own PPP program. Generally, this section of the report will suggest that the move towards circular economy models, addressing the China ban, addressing the issue of plastics, and capturing waste generated through e-commerce are best addressed through full EPR models where industry funds and manages the program from beginning to end.

The Circular Economy

Governments across the world are integrating the design of recycling programs within models of a circular economy.

Ontario's current reforms to its recycling programs, including PPP, are based on this concept and groups such as Eco-Enterprise Quebec (EEQ) are using this concept to improve the environmental outcomes of recycling programs.

Link to EEQ report on the Circular Economy:

http://www.eeq.ca/wp-content/uploads/circular-economy-quebec_summary.pdf

Link to: Strategy for a waste free Ontario: Building the Circular Economy:

https://files.ontario.ca/finalstrategywastefreeont_eng_aoda1_final-s.pdf

In October John Coyne, Executive Chair of the Canadian Stewardship Services Alliance (CSSA) and Vice President for Unilever Canada spoke at a conference on "Global Best practices: Packaging EPR's role in Advancing the Circular Economy".

Mr. Coyne argued that in Canada, British Columbia has the only PPP program that is fully aligned with the circular economy model. An EPR program based on the circular economy creates a closed loop, circular system, for all aspects the management of household PPP.

EEQ in its study entitled “Circular Economy in Quebec – Economic Opportunities and Impacts” adopted the following definition for the circular economy:

A production, exchange and consumption system which optimizes the use of resources at all stages of the life cycle of a good or a service, in a circular logic, while reducing the environmental footprint and contributing to the well-being of individuals and communities.

The statistics are compelling: recycling aluminum saves 95% of energy compared with smelting new metal. The savings for plastics are 88%, and 60% for steel and paper. (*The Economist*, September 29, 2018).

Coyne also states that a circular economy model is key to achieving meaningful environmental outcomes. The circular economy goes beyond recycling; it reduces resource extraction and production and it involves less waste and reduces carbon emissions. “The circular economy by definition looks for ways to reduce the use of virgin resources, it is a key element in decoupling economic growth from the consumption of finite natural resources and environmental impacts”.

Opponents to the circular economy model cite job losses as a key concern. While the transition will disrupt traditional markets, most experts agree that recycling creates net new jobs. Waste disposal generates just 0.1 job per 1,000 tonnes, compared with two jobs recycling the same amount (*The Economist* September 29, 2018).

A range of strategies, mechanisms and tools can be adopted to develop a circular economy. EEQ states that these can be integrated in all production phases and are based on the concepts of the three 3Rs: reduce, re-use and recycle. Government policies, regulations and the tax system can all be used to promote the circular economy.

Regulations such as those for a PPP program will directly influence the ways in which waste is managed. End of life disposal regulations, in particular will have a direct impact.

How are we doing in New Brunswick? According to the November 28, 2018 *Solid Waste and Recycling newsletter* Canada has improved by reducing the amount of waste produced from 26.4 million tonnes in 2006 to 24.9 million tonnes in 2016 or from 770 kgs per person to 710 kgs during the same period.

In summary, “Nova Scotia continues its long track record of being the province dumping the least. Its latest per capita rate is 410 kilograms per person, hardly changed from 2002, with the next best performer being British Columbia at 560 kg/capita. The remaining provinces rate as follows: Québec at 660, New Brunswick at 670, Ontario at 700, Manitoba at 758, Newfoundland and Labrador at 760, and Saskatchewan at 820 kg/person. Bringing up the tail end is Alberta, the only province over one tonne per person, at 1030 kg/capita”.

According to this study, Quebec, BC and Ontario have recorded the most improvement over the period (down 16, 15 and 13 percent respectively). The Alberta and New Brunswick per capita trend is in the opposite direction (up 12 percent and 22 per cent between 2002 and 2016)”.

As stated, the only PPP program in Canada that is based on the circular economy is the British Columbia program. In B.C., industry is responsible for the entire recycling program from collection to the sale of recycled matter. They set provincial standards on the recovery rate, quality of the material, and contamination rates levels for contractors or municipalities. It determines where and how products will be processed, and finds end markets. For example, as it only has one province-wide processor for plastics it has been able to maintain quality and minimize the impact of the China ban.

What does the circular economy mean for New Brunswick's PPP program? If New Brunswick wants to follow the world-wide trend of moving to a circular economy model for PPP, the option of a 100% industry funded and managed program is clearly preferred.

China

A special report on waste in the September 29th edition of The Economist begins its section on China as follows: “On the first day of July 2018, a huge shock hit the global recycling industry. China, which is the world’s largest scrap importer, stopped accepting any recycled plastic and unsorted scrapped paper from abroad, and severely curbed imports of cardboard”. The result has been bales of mixed paper and polymers piling up and languishing at recycling centers across Canada and a huge drop in commodity prices.

In the most recent annual report to stewards, CCSA Executive Chair, John Coyne addresses the ban on most waste paper and plastics from China. “The ban is affecting recycling programs around the globe, with many jurisdictions being forced to deal with significant stockpiles”, states Coyne. The reduced demand for these commodities has had a huge impact on prices, which in turn affect program revenue.

Most agree that the China ban represents a structural and likely permanent shift in global markets for collected materials. The CSSA annual report states that stewards should expect to deal with decreasing revenue. Coyne tells his members that “as end markets tighten, we need to make sure we are involved in and investing in the solutions needed to manage our materials”.

The PPP programs in four jurisdictions; Quebec, Ontario, Manitoba, Saskatchewan have been heavily impacted by the low market prices for products as a result of the China ban. Only BC is fairing comparatively well.

As stated in the previous section on the circular economy, BC is the only full EPR PPP program in Canada whereby the financial and operational responsibility for material recovery resides entirely with businesses that supply PPP products to consumers. The provincial steward, Recycle BC, has complete control of the waste stream from collection, to end markets. In addition to providing industry with incentives to design products and packaging that have lower environmental impacts, “full EPR can create the necessary efficiencies and economies of scale to help achieve circular economy outcomes” (2018 CSSA report to stewards).

While BC is coping better than other jurisdictions, the situation is still concerning. As a result of depressed commodity prices in 2018 caused by the China ban, Recycle BC had a projected deficit and a reduced revenue outlook for 2019. While they have secured alternative end-markets, forecasts suggest a structural and permanent shift in commodity prices worldwide, impacting the program in the long term.

In light of these challenges, CSSA is advocating for a national EPR framework moving programs towards full EPR and responding to challenges such as plastics and the China ban. EEQ also maintains that the status quo in Quebec is not sustainable. Both groups favor a greater ability for industry to set standards for collectors, the quality of the PPP collected, and the means to market the products at a higher cost. In developing its PPP program, New Brunswick should consider these trends.

E-Commerce

The e-commerce sales channel is witnessing continued growth and companies are preparing to account for its impact in their sales and changing consumer preferences. Companies are moving towards multi-channel distribution - the integration of both online and in-store consumer experiences. In the U.S., e-commerce grew by 23.7% in 2016 while retail sales overall grew only 6% (U.S. Department of Commerce). This sales growth will mean more packaging waste being discarded at the curb side. This shift will also mean a greater amount of residential tonnage for municipalities and waste management service providers to account for with no revenue stream from the PPP program to cover the costs. (*Reclay Steward Edge, May 17, 2017*).

In Canada, as the volume of PPP material from “non resident” stewards continues to grow. Some of the better known e-commerce firms are registered with CSSA. All companies that sell products by e-commerce are not. CSSA has initiated a broad effort to research potential regulatory/compliance solutions in order to reduce the burden on registered stewards.

E-commerce packaging is an example of how leakage can occur in an EPR program for PPP. This waste will continue to be collected with no associated revenue from industry unless the company is registered as a steward. If a model is adopted where municipalities are responsible for collection, they will end up absorbing these costs.

CSSA and EEQ are actively working to find ways to make non-compliant e-commerce businesses participate as voluntary stewards. There may be a best practice available by the time New Brunswick is ready to implement its program.

Plastics and our Oceans

Plastic debris in our oceans has surfaced as a prominent environmental concern.

Canada is leading the way. As chair of the G7, Prime Minister Trudeau tabled the Ocean’s Plastic Charter this past June. The charter was ratified by all members, except Japan and the USA.

In the official communiqué signatories recognised the urgent threat ocean plastic waste and marine litter pose to ecosystems and the lost value of plastics in the waste stream. They committed to building on previous G7 commitments and taking a lifecycle approach to plastics stewardship on land and at sea, moving towards more resource efficient and sustainable management of plastics. Further, they agreed to promote the harmonization of monitoring methodologies for marine litter and to collaborate on researching its impacts, in cooperation, for example with the United Nations Environment Programme (UNEP) to facilitate this work.

Plastics in the environment are worrisome for the health of oceans and marine life but not recycling plastics is a broader problem. According to the CSSA, it is estimated that 95% of the value of global plastic in packaging is lost. Canada is expected to release a federal Plastics Strategy in the Spring of 2019 and the Canadian Council of Ministers of the Environment is working on a Framework for Zero Plastics.

Meanwhile Eco360, the City of Dieppe, City of Moncton and the Town of Riverview were exploring options for reducing the consumption of single-use plastic bags in their region. Gena Alderson explained why this is an issue during a CBC interview on November 22, 2018.

She stated that currently half of the Eco360 sorting staff are needed to sort these bags out of the recycling stream. Once removed, the bags are bailed and stock piled, as there is currently no or little market for this type of plastic. Plastic bags that come in from the commercial stream in all regions are often simply buried.

Some provinces and municipalities are considering a ban on single use plastics. This would have no impact on a PPP program, as the products would no longer be in the waste stream. A PPP program, however, could offer other solutions. If a relatively high and effective recovery rate is set, then single use products along with all other plastics would be recycled. Further, there can differentials in the fees paid by industry to encourage certain behaviours on the part of producers and suppliers. If the fee was higher for single use plastics, other products would be favoured by industry.

The closure of Chinese commodity markets has served to highlight a plastics crisis that has now come to the forefront of the global consciousness on the environment. It is a crisis that has arisen from: the increasing use of plastics for packaging and single-use products; low global plastics collection and recycling rates; high rates of discharge of those plastics to the environment (especially the marine environment); and the reliance on developing nation export markets for mixed plastics collected by recycling programs in developed nations (Draft BC Management Plan). Therefore, plastics is another emerging trend New Brunswick will need to consider in the development of its PPP program.

2. FUNDING FORMULA – WHAT MUNICIPALITIES NEED TO KNOW.

The funding received by municipalities in New Brunswick will be based on the type of EPR model adopted for the province. This section will explore the benefits and risks for municipalities under the Saskatchewan, British Columbia and Quebec programs.

Saskatchewan

The Saskatchewan Household Packaging and Paper program was established by Regulation on February 15, 2013 and amended in prior to implementation 2016.

Multi-Material Stewardship Western (MMSW) also called Recycle Saskatchewan is the provincial steward. They are part of the Canadian Stewardship Services Alliance (CSSA) that also manages programs in British Columbia, Manitoba and Ontario.

The management plan they developed for the Saskatchewan program was approved by the Ministry of the Environment in September 2015.

- *Established 2015*
- *Delayed by a year and then had to be phased in*
- *Industry Covers up to 75% of Costs*
- *Municipalities have Sole Responsibility for Collection and Bringing Products to Market*
- *No Meaningful Provincial Targets*
- *Innovative Employment Model*
- *No Baseline Information Amounted to Very Low Payments to Municipalities*

The program allows municipalities to recover up to 75% of their costs for collecting and recycling designated materials. During the first three years, municipalities received \$11.75 per household from Recycle Saskatchewan. The amounts provided through the funding formula increased as of January 1, 2019. The original amount received by municipalities was “a drop in the bucket” according to one of the municipal leaders Recycle NB met with in 2017. The amount provided to municipalities by stewards in 2016 (approximately \$5 million) was always expected to increase when a more accurate funding formula was developed. It is estimated that payments to municipalities only covered 25% to 35% of the costs in the first two years. One of the groups we met with in Saskatchewan believed it only covered 10% of the costs. When Recycle NB visited in February 2017 a funding review was underway.

The program was initially implemented in 2016 without any baseline data on key recycling indicators from Saskatchewan municipalities and the initial funding formula was developed using a combination of indicators including data from Manitoba.

Program experience in the first two years provided insight into the areas requiring greater clarity. A new payment model was developed by Recycle Saskatchewan in 2018 in collaboration with the MMSW Advisory Committee, which represents urban and rural municipalities and regional waste management authorities, the Saskatchewan Waste Reduction Council, and stewards of residential packaging and paper.

The new payment model is based on an audit of actual Saskatchewan costs and supply chain expenses conducted by PwC. The audit covered municipalities and waste management authorities and represented 79% of total program tonnes and 64% of households serviced. The audit captured actual costs across a range of activities: administration, collection, processing, fleet costs, and promotion.

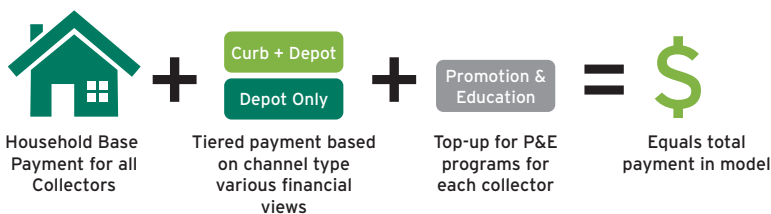
The audit also documented the current capacity of municipalities to track and report data and the level of detail they can reasonably be expected to collect. The audit did not measure the efficiency of existing programs; it focused on actual costs.

The MMSW Advisory Committee then took this information and recommended a funding model based on the amount and type of data that could reliably be provided on an on-going basis from municipalities.

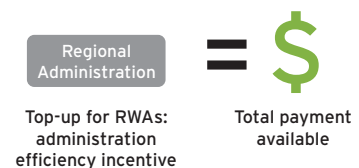
The funding formula is based on the number of households in a municipality, the type of program (curb side or depot), and allocates a small amount for promotion and education to arrive at total costs. Regional programs are seen as being more efficient thus, there is also a top up for municipalities that are part of such a program.

New Payment Model 2019

All Collector payments:



Discretionary payments:



Under the new payment model, municipalities are funded \$25.75 or \$28.75 for curbside programs and \$15.75 or \$18.25 for depots. This is an overall increase of approximately \$4.5 million and a significant increase from the flat fee of \$11.75 for households, especially for municipalities that belong to a regional group and operate curbside programs.

New Payment Rates

	HH Base Payment	Tiered rate channel	P&E Top-up	Collectors' Payment	RWA Administration Top-up	Total Payment Available
Curbside & Depot	\$15.00	\$10.00	\$0.75	\$25.75	\$2.50	\$28.25
Depot Only	\$15.00	\$0.00	\$0.75	\$15.75	\$2.50	\$18.25

The funding formula and methodology are still not based on accurate data and another waste management audit is planned for 2019. The purpose will be to validate the baseline numbers and capture 2018 activity. The 2019 audit will also measure the impact of the China ban.

There are a number of gaps in the Saskatchewan program from an industry perspective. First, newspapers are still not contributing to the program. This gap in revenue is essentially being absorbed by municipalities who are only getting up to 75% of the costs of the program.

Second, the Saskatchewan program was developed as a funding mechanism that funds municipalities. There is no ability to find system-wide efficiencies or to tackle fluctuations in market condition on a province wide basis. The municipalities are bearing the full brunt of the China ban on their own individually, or in some cases as regional entities.

British Columbia

Under the Recycling Regulation, Recycle BC assumed responsibility for establishing a province-wide PPP program in British Columbia in 2014, effectively supplanting the role that local governments historically played. This supply chain is comprised of a collection system and a post-collection system that involves the receipt of collected PPP and its consolidation, transfer and transport, processing and delivery to end markets. The total steward cost for managing the Recycle BC program in 2017 was \$72.5 million, theoretically representing 100% of the costs associated with Recycling.

Established in 2014

Industry Covers 100% of Costs

Province Wide Standards and Quality Targets

Municipalities Can Do Collection and Get Compensated or Opt-Out and Let Industry Do It.

Both Options are Seamless for Citizens

Market Driven with Provincial Efficiencies of Scale

Withstood China Ban

Considered "Full EPR"

In British Columbia, municipalities have a choice with respect to collection services. Recycle BC will provide a financial incentive to local governments, First Nations and private collectors that have chosen to deliver recycling collection services and resident education under contract. Communities can elect to have Recycle BC directly manage their curbside recycling service, which means that these local governments are no longer responsible for oversight, management of recycling services or resident communication regarding curbside recycling. In all cases, Recycle BC assumes financial responsibility for all collection and post-collection activities and establishes province wide standards for the entire process. While the Saskatchewan program is seen as a vehicle to provide funds to municipalities, the BC program, as a full EPR program, can drive efficiencies in the system and delivers better environmental outcomes.

The Recycle BC stewardship program for residential packaging and paper product (PPP) is unique in Canada. It is the first implementation of extended producer responsibility whereby producers are operationally responsible for establishing a reverse supply chain. Operated on behalf of producers by Recycle BC since May 2014, this reverse supply chain has transformed the collection and recycling of residential PPP from a municipally-based activity into an integrated provincial recycling system. In 2017,

Recycle BC recovered approximately 175,000 tonnes of its members' PPP from 3.475 million residents, the majority of which was efficiently sold to end-markets for use in the manufacturing of new products and packaging.

This circular economy for PPP has delivered markedly improved environmental outcomes. Larger quantities of PPP are collected with lower rates of contamination. The material is subsequently managed in an operationally efficient post collection management system that employs state-of-the-art container handling practices and downstream processing technologies for plastics (Taken from Draft Management Plan 2018).

The program's focus on working with municipalities and post-collection service providers to build an integrated provincial PPP reverse supply chain has also allowed for effective management of risk. While not immune to global market forces, overall, Recycle BC has been able to weather the January 1, 2018 closure of China's secondary plastics and fibre commodity markets while many other Canadian recycling programs continue to struggle to find markets for their collected fibre and mixed plastics.

In B.C., the province has set a recovery target of 75% and the program achieved a recovery target of 77.9% in 2016 and of 74.5% in 2017. There are no provincial recovery targets in Quebec, Saskatchewan or Manitoba. While it seems strange that environmental programs would not have targets, this can be attributed, in part, to the difference in program design features and funding levels versus the full EPR model.

In B.C., the recovery rate is calculated "by dividing the quantity of PPP recovered by the quantity of PPP generated by residents and available for collection". The numerator is based on the quantity of PPP shipped to recycling end-markets and the quantity of system processing residues shipped to recovery end-market as reported by primary processors and verified by MMBC. The denominator is based on the quantity of PPP supplied to residents as reported by producers and verified by MMBC" (B.C. Management Plan). In B.C. the reported recovery rate also excludes tonnes collected by Recycle BC on behalf of other stewardship programs and reported in their annual reports. The 2017 rate decreased by 3.4% from the 2016 rate to reflect the exclusion of newspaper.

Because Recycle BC has more control over its program and collectors (including municipalities who operate their own programs) it has implemented measures to increase the recovery rate.

Recycle BC Initiatives to Increase Recovery Rates Through the Business Plan

- Delivering more collection services directly to citizens
- Increasing participation by encouraging residents to utilize available collection systems
- Collaborating with provincial and local governments to implement policies that support PPP collection, such as limits on the quantity of garbage that can be set out for collection, reducing the frequency of garbage collection, charging fees for garbage collection and/or banning PPP from disposal
- Resolving technical and convenience barriers in multi-family collection systems;
- Increasing capture rates by encouraging residents to place PPP in the PPP collection system rather than the garbage collection system
- Increasing the effectiveness of collection systems to deliver materials that meet the quality requirements of recycling end-markets
- Increasing the effectiveness of processing systems to reduce processing residues and increase the proportion of collected PPP delivered to end-markets
- Developing new end-markets and processing capability and capacity to support the addition of more types of PPP to the collection system.

Recycle BC recently completed a sample of actual costs for curbside collection, multi-family dwellings; depot collection, promotion, education, and administration. A scan of media and relevant web sites, and limited interviews seems to indicate that municipalities are satisfied with the funding formula in place.

In 2017 News Media Canada (NMC) came to an agreement with the Government of British Columbia regarding the recycling of newspaper. The agreement called for newspaper industry represented by NMC to take full responsibility for the cost of recycling newspaper and flyers estimated at \$10million. This is to be achieved by providing a combination of value added credits for advertisements and cash payments. The Government of BC would then remit sufficient funds to Recycle BC for the cost of recycling newspapers (this was not fully implemented when the impact of newspapers was studied as part of Phase III of the Dialogue in 2017/18).










These developments, when fully implemented, will mean that the BC program will be funded as close to 100% of costs as possible.

In Saskatchewan and Quebec, the funding to municipalities is a rather simple formula based on a few metrics and number of households and tonnes collected. This does not allow easy comparisons between these programs and the BC model.

The BC system is more complex. Municipalities, collectors, processors and distributors are all subject to a rationalized provincial plan and the competitive process. Anyone entering into an agreement with Recycle BC to provide services must sign a service agreement. The service agreement has strict definitions on acceptable products, products not in the program, and quality and performance standards.

A sample of the fees is described in the table below from the Recycle BC Master Service Agreement.

Curbside Collection Financial Incentive

Single-stream using automated carts Categories 1, 2, 3(a), 3(b), 6 and 7	\$ per Curbside Household per year
 > 2 Curbside Households per hectare	\$33.40
 0.2 to 2 Curbside Households per hectare	\$35.40
 < 0.2 Curbside Households per hectare	\$37.40
Single-stream using Containers other than Automated carts - Categories 1, 2, (a), 3(b), 6 and 7	\$ per Curbside Household per year
 > 2 Curbside Households per hectare	\$34.50
 0.2 to 2 Curbside Households per hectare	\$36.65
 < 0.2 Curbside Households per hectare	\$38.80
Multi-stream - Categories 1, 2 and 3(b) separate from Categories 3(a), 6 and 7	\$ per Curbside Household per year
 > 2 Curbside Households per hectare	\$38.45
 0.2 to 2 Curbside Households per hectare	\$40.65
 < 0.2 Curbside Households per hectare	\$42.80

The contract also provides incentives for good performance and penalties for non-performance. For example, municipalities doing curbside collection can receive a \$0.75 per household top up for education.

Collectors (includes municipalities) achieve an average “in-scope PPP collected per curb side household per year” and can receive a bonus ranging from \$1 for to \$4 for each household based on the amount of “in-scope PPP per curbside households”. This is one of the mechanism used by Recycle BC to control the quality of the products collected. Recycle BC has developed a methodology, primarily through auditing to calculate the amount of “not accepted material” in the recyclables it collects.

Service agreements also contain penalties for service level failure. Examples include:

- \$25,000 - contractor delivers “In-scope PPP” to any landfill, incinerator or energy recovery facility not approved by Recycle BC
- \$5000 for zones with more than 10,000 households - contractor delivers a load that contains more than 1.5% by weight of “not accepted materials”.
- \$1000 per load for collecting PPP in a non-designated bunker or location.
- \$5000 per day for a labour disruption where contractor fails to implement business continuity plan.

Of the three programs studied as part of the PPP Dialogue, British Columbia is the most robust when measured against the attainment of environmental objectives and system wide efficiencies.

Quebec

The Quebec PPP program dates back to 2005. It is considered a “shared responsibility” EPR program. Shared responsibility means that municipalities have the sole responsibility for collecting the PPP while producers finance the program. Quebec has features of both the British Columbia and Saskatchewan programs. It also has features that mirror the roles different players in New Brunswick, such as Recycle NB, would take on when such a program is implemented.

The Quebec program was initially funded at 50% but the contribution of industry was increased to 100% in 2013. Current cost of the program is approximately \$150 million.

Established in 2005

Initially 50% Industry Funded Now at 100%

Organizational Structure Much Like NB:

Ministry: Legislation and Regulations

RecycQuebec: Receives Management Plans from the Two Stewards and Makes Payments to Municipalities

Eco-Entreprise Quebec Collects from Stewards and Ensures Compliance

Municipalities MUST Provide Recycling Program and are Responsible for Products

Funding Formula Based on Population and Distance from Big Centres

RecycQuebec Does Characterization Studies which leads to Changes in Fees

Industry Frustrated by Lack of Control over Quality and Outcomes

General Consensus By Major Players that Status Quo is NO Longer an Option.

As we saw in Saskatchewan, it takes time for a new program to be fully implemented. The enabling legislation in Quebec was introduced in 2002 and the Regulations to designate products, define who is an industry steward and outline the compensation system which only came in three years later. There have been numerous changes to the Regulations since 2005. The most recent Act and Regulations can be accessed through the following links:

Act: <http://legisquebec.gouv.qc.ca/en/ShowDoc/cs/Q-2>

Regulations: <http://legisquebec.gouv.qc.ca/en/ShowDoc/cr/Q-2,%20r.%2010>

In Quebec, there are five principal actors responsible for the PPP program:

The Ministry of the Environment and the Fight Against Climate Change is responsible for the legislative and regulatory framework for the program. Unlike other jurisdictions, it has no enforcement responsibilities for the compliance of industry stewards.

Recyc-Québec is a crown corporation created in 1990. Its responsibilities include the promotion and development of programs encouraging to reduce, re-use, and recover recyclable materials. It was already in place when the PPP program was introduced and plays a similar role with other Québec EPR recycling programs.

In relation to the PPP program, it is responsible for managing the compensation system and setting the overall rates industry pays into the program based on municipal costs. It also compensates municipalities directly by redistributing the fees collected by stewards and remitted to them.

Recyc-Québec works with EEQ on waste characterization studies (Caractérisation des matières résiduelles du secteur résidentiel) which determine the overall cost municipalities incur to provide their recycling programs and documents the types of materials collected.

The Department has set a recovery target of 70% but it is seen as an “aspirational” target and not enforced. Its enforcement would “create more obligations” for municipalities. The Quebec regime does not place any responsibility on industry to achieve any environmental targets. “Their responsibility is to pay”.

Recyc-Québec has the primary responsibility to ensure that municipal associations have a means to provide input in the program.

Eco-Entreprises Québec (EEQ) and **RecycleMédias** are the two provincial stewards. EEQ represents businesses that produce or distribute packaging and printed paper while RecycleMédia represents the newspaper industry (see section 4 for participation of newspaper in the PPP program). Magazines and flyers fall under EEQ.

Once the overall municipal costs of recycling are calculated by Recyc-Québec, both stewards are required to set fees for categories of designated materials and to collect the funds from businesses. Both are also responsible for the enforcement of compliance with the Regulation and for taking action, including legal action against non-compliant stewards.

A unique feature of the Quebec program is that the provincial stewards determine what businesses are exempt, within the parameters of the legislation (see section 3 Rules for Small Businesses).

EEQ actively works with municipalities and invests in new technologies for materials such as glass and plastic film. It supports initiatives that support local solutions to recycling challenges because it believes that recycling locally has a lower carbon footprint. EEQ has also been gradually broadening the number

of designated products that are included in the program. An example includes Ziploc bags and packaging sold as products with a short life span.

EEQ covers 91.7% of the cost of recycling while RecycleMédia covers 8.3%. The total cost of the program was \$150 million in 2017. There is no cross subsidy among the two categories of PPP. EEQ collects fees for its members and RecycleMedia for the newspaper industry.

Businesses: All businesses that fall under the Regulation are responsible for paying their contributions to EEQ and RecycleMédia according to the fees and the types of materials they produce.

Municipalities: They must declare their costs and tonnage to Recyc-Québec for collection, transportation, sorting and disposal of designated materials. These reports must be audited by an external third party.

In Quebec, all municipalities are obligated by law to provide a blue box program. The way they provide the service is their responsibility. They have the flexibility to determine what products are eligible within their program. They can include, if they desire, multi-dwelling collections, some ICI, and agricultural products.

The funding formula for municipalities in Quebec is fairly straight forward and the amount distributed is based on costs from the previous year as determined by Recyc-Québec annually.

Municipalities are grouped into six categories based on their distance from Montreal and Quebec City as well as their population. The distance criteria is based on whether or not they are under or over 100KM from the two major centres; and their population: under 3000; between 3000 and 25,000 and over 25,000.

RecycQuébec then applies a performance and efficiency ratio that considers the total cost per tonne as well as the number of inhabitants and their distance from the centre. An average of the cost and a standard deviation is determined for each group of municipalities and this determines the municipal compensation for that year.

An amount of 8.5% is then added to that total to cover primarily the cost of bins, but also management cost and public relations. Remote municipalities will have at least 70% of their costs covered regardless of their efficiency ratio. As of 2017, Indigenous communities are now eligible to participate in the program.

The time allocated to the Quebec Study Tour did not allow us to speak directly with municipalities. However, those we interacted with indicated the municipal sector is generally pleased with the program and their municipal associations are broadly consulted by Recyc-Québec in determining rates.

The onus for calculating municipal rates falls to Recyc-Québec. As one would expect, industry feels they are paying too much with no mechanism to increase efficiency and there is never enough provided from a municipal perspective. While this function requires a delicate balancing act on the part of Recyc-Québec it removes a significant burden from the Ministry of the Environment.

3. RULES FOR SMALL BUSINESSES.

Rationale For Exemptions

The experience in the four provincial programs managed by CSSA is that national and voluntary stewards account for approximately 95% of the volume collected and the fees remitted. The Quebec program has similar ratios. Small businesses account for relatively little volume and low amounts of fees.

A program that does not include exemptions for small businesses therefore ends up chasing a lot of frustrated companies that represent a small portion (5%) of the volume and potential fees.

An example that illustrates the number of products in most businesses that are accounted for by national stewards or voluntary stewards is that of a large non-franchised family grocery store. It would likely only need to report on the flyers it distributes or packaging items from a bakery or a take out counter that end up leaving with clients. Every other product sold, would be accounted for by the producers or distributors who supplied them to the store and who pay fees directly to CCSA.

In Saskatchewan, if that commerce only had one point of sale it would be exempt, no matter the level of sales or tonnage of paper and packaging. Only that province has an exemption for companies that have only one "store front" in the province.

The process to account for packaging and paper that ends up in households can be hard to calculate for new stewards. The only way to determine what volume a steward is responsible for, and therefore, the level of fees to redeem is to actually count or reasonably estimate the amount of PPP customers eventually put in the waste stream and attribute a weight to it.

CSSA and its affiliates can assist businesses with this process and have developed user friendly online tools to assist them (<http://www.cssalliance.ca/resources-list>). Nevertheless, the impact on small businesses can be significant for minor gains in terms of fees collected. Businesses that are part of regional or national chains or franchisees have support from their head offices and are required to do much less work, if any, to meet reporting requirements. Once the transition period was over in Saskatchewan, only businesses that have sales of over \$2 million and generate more than 1000kg of PPP are required to participate in the program. This excludes most small businesses. Interviews conducted in November 2018 with government officials confirm that the program seems to work well for all parties.

The rules for small businesses vary greatly by province (see table)

Exemptions for Small Businesses by Province as of January 2018				
British Columbia	Saskatchewan	Manitoba	Ontario	Quebec
Less than \$1 million revenue Less than 1 tonne of PPP Charitable organizations Option for flat fees	Less than \$2 million in revenue Less than 2 tonnes of PPP Option for flat fee in transition period (2015-16) Exempt if it is a Saskatchewan business that operates only one store front or point of sale in province regardless of size.	All stewards must register regardless of size Less than \$750,000 in revenue No flat fees	Less than \$2 million in revenue Sales of over \$2 million but less than 15 tonnes must report but pay no fees No flat fees	Less than 1 million in revenue Less than 1 tonne of PPP Flat fees based on revenue and tonnage

The process to arrive at the \$ 2 million of revenue threshold and 1000KG of PPP in Saskatchewan provides an interesting case study.

When the program was introduced in 2015, the government proposed a \$1 million of revenue threshold for exemptions. Groups such as CFIB lead a fierce opposition against this proposal and the program was delayed by a year. An advisory committee composed of stewards, municipalities and businesses arrived at the rules including a two-year transition period where businesses with revenue from 2 to 5 million were not compelled to fully participate in the program and could pay a flat fee. Full compliance was achieved in January 2018. Exemptions also apply to a business that operates as single point of retail sale regardless of revenue or tonnes of material sold to customers.

The transition period covering businesses in the 2 to 5 million category was a compromise for the business community that was advocating for a \$5 million permanent threshold.

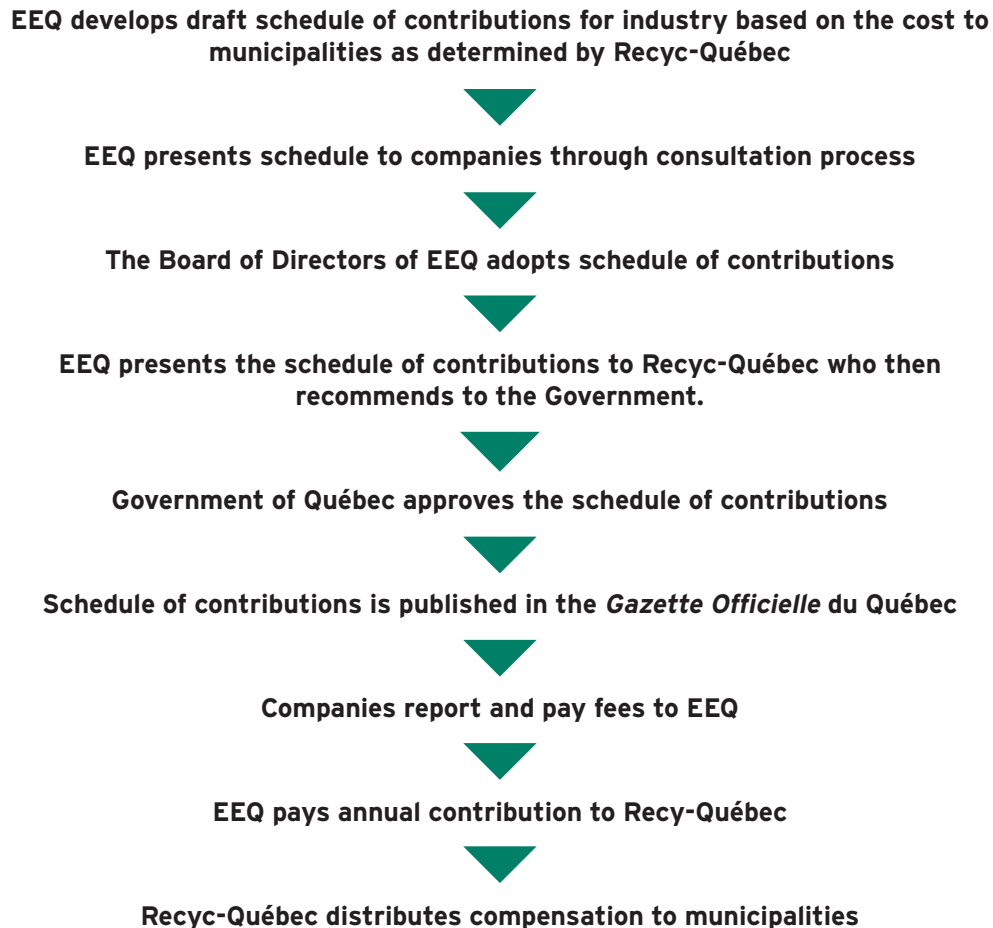
In Quebec, exemptions are set at \$1 million in revenue and 1 tonne of PPP. There are also a flat fee options for businesses based on revenue and the amount of PPP generated. For newspapers the limit for an exemption is set at 15 tonnes. These are entrenched in Regulation.

Flat Fee Options for Quebec Businesses	
Category	Flat Fee
Revenue between 1 and 2 million	\$2965
Between 1 tonne and 2.5 tonnes	\$420
Between 2.5 tonnes and 5 tonnes	\$809
Between 5 tonnes and 10 tonnes	\$1775
Between 10 tonnes and 15 tonnes	\$2965

A business can also file a report with EEQ if it believes it would pay lower fees based on the actual output of PPP. For example, businesses that generate between 1 and 2 million in revenue may get a cheaper rate by measuring the weight of their products rather than paying the flat fee of \$2965. EEQ can also waive fees for other groups if it wants to. For example, it has decided not to send any invoices for fees under \$20.00.

In Quebec the exemptions are posted in the *Gazette Officielle du Quebec* by the Environment Department on the recommendation of Recyc-Québec from information they have received from EEQ. Fees are developed through a detailed a sophisticated consultation process lead by EEQ with industry. The starting point is always the cost to municipalities, which is determined by Recyc-Québec. Therefore, it is important to note that, while supported by Government, the multiple options for industry to meet their obligations was developed by EEQ and its industry members.

Nine Step Annual Process to Determine Fees for Industry and Compensation to Municipalities



A similar process takes place for newspaper with RecycleMedia playing the same role as EEQ.

Commentary on The Saskatchewan, B.C. and Québec Models

As stated previously in this report, CSSA as a national organization, is advocating and lobbying governments for a nation-wide EPR strategy moving all programs towards the full EPR approach and increasing standardization. EEQ would like to see the same in Québec. While this is a good objective, it is important to keep local realities and sensitivities in mind. The Saskatchewan program would not have gotten off the ground in 2016 had it not deviated from the full EPR model to meet municipal and business needs. At the time municipalities wanted more control over recycling and were happy with lower contributions from industry. It also took a full year of consultations to develop a series of exemptions that small businesses could accept.

There is now a growing body of evidence that the program as designed may not be to the long term advantage of municipalities and may evolve overtime towards a more effective EPR program. A number of people interviewed for this report stated confidentially that, eventually, Saskatchewan will move closer to a full EPR program.

CFIB's public position in 2015 in Saskatchewan was that businesses generating less than \$5 million of income should be exempt. The compromise when the program was introduced a year later was a transitional two-year period and an on-going exemption of \$2M in revenue (higher than any other PPP program in Canada). Due to political pressures, newspapers are still not participating, resulting in less revenue to the PPP program.

In Saskatchewan, businesses with a single window of sale are exempt. This is a disadvantage to franchise owners, for example, who may only own and operate one business and are forced to remit fees while the single window business across the street does not. An example of this situation would be a KFC restaurant located across the street from an independent fried chicken restaurant. One would have to remit fees and not the other. This inequity was in part mediated by changing the Regulations to compel the franchise "mother house" to do the reporting, which at least reduced red tape for the franchise owner. Only Saskatchewan has such a provision and it should not be replicated in New Brunswick.

As stated several times in this report the British Columbia surpasses other programs in terms of options available to municipalities, overall results and efficiency. All of the major players in Quebec seem to agree that a reform of the "shared responsibility" EPR program is warranted.

How difficult is it for a small business to comply?

CCSA makes it easy for a business to determine if it needs to register as a steward. Its website provides user-friendly resources and tools to assist small businesses. This includes the Guidebook for Stewards, webinars and presentations.

The Guidebook for Stewards can be found at:

http://guidebook.cssalliance.ca/wp-content/uploads/2018/10/Guidebook-for-Stewards-2017_Updated-4-October-2018-1.pdf

Knowing whether or not you are exempt from paying fees as a small business is straight forward. To assess a business' requirements to register, CSSA has developed an online tool to help determine the weight of PPP most likely produced.

The tool was developed by Deloitte using actual PPP information from more than 200 business types. It is calibrated for each province based on the rules for small business and designated materials particular to each program.

Online Assessment Tool

The new [Online Assessment Tool](#) makes it simple for businesses to determine if they must now register and report with MMSW and if they are eligible to pay a fee based on the quantities of packaging and paper supplied annually to residents of Saskatchewan. The Assessment Tool enables low-volume stewards to meet their reporting obligation without having to go through the detailed data gathering and weighing of their packaging and paper. Stewards simply answer a few questions to determine whether they meet the low-volume criteria.

Low-volume stewards can choose to pay the fee with no requirement to produce a detailed annual report, or they can provide a detailed report of the amount of packaging and paper supplied and pay stewardship fees in accordance with MMSW's fee schedule.

[Go to Online Assessment Tool](#)

Exempt and Low-Volume Stewards

Businesses supplying less than 1,000 kg of packaging and paper continue to be exempt from registration and reporting requirements. [Exemptions](#) also continue for businesses with less than \$2 million in revenue or that operate a single retail point.

For 2018 reporting, the following fees are available to low-volume stewards:

- A fee of \$220 for businesses that supply between 1,000 and 2,500 kg.
- A fee of \$460 for businesses that supply between 2,500 and 5,000 kg.

Stewards who believe they qualify for one of the low-volume categories should confirm with the Assessment Tool and then proceed to the [WeRecycle portal](#), register if necessary and follow the reporting guidelines for low-volume stewards. Stewards should review MMSW [Terms and Conditions](#) before registering or reporting.

Businesses that supply more than 5,000 kg are required to submit detailed annual reports.

Source CSSA web site.

A business can go in, choose its sector (retail, services or manufacturing) and then enter the number of sold units on an annual basis.

The following are examples of outcomes for three Saskatchewan businesses (see screen shots from CSSA calculator):

- A bakery that has 40,000 transaction (sales) per year. Exempt from program.
- A dentist seeing 34,000 patients per year. Exempt from Program.
- A hardware store that sells more than 25,000 units of products for which they are obligated (i.e. that have not been reported by registered stewards). Obligated to pay fees.

By requiring businesses to report "obligated products", CCSA refers to those products for which fees have not already been paid by national stewards. The majority of businesses acquire the products from a producer or distributor that is already registered and remits fees to the industry steward.

If a business is a franchise operating in British Columbia, Saskatchewan or Quebec and only sell products provided by the franchise, the owner does not need to worry about filling out forms and counting PPP. Their head office, wherever it is located, is required to do the reporting on behalf of franchisees.

Example of a Bakery with 40,000 Sales

Online Assessment Tool

About the Online Assessment Tool

Org. Type	Sector	My Data
Retail ✕	Bakery ✕	40000 ✕

Assessment

The assessment indicates you supply less than 1,000 kg of PPP

Thank you for using the Small Business Assessment Tool.
You are not obligated under Subsection 5 (5) (b) of the Recycling Regulation. You do not need to take any additional action.

← Edit Data

↶ Start Over

Source CSSA Calculator

Example of a Dentist Seeing 34,000 Patients a Year

Online Assessment Tool

About the Online Assessment Tool

Org. Type	Sector	My Data
Services ✕	Dentist ✕	34000 ✕

Assessment

The assessment indicates you supply less than 1,000 kg of PPP

Thank you for using the Small Business Assessment Tool.
You are not obligated under Subsection 5 (5) (b) of the Recycling Regulation. You do not need to take any additional action.

← Edit Data

↶ Start Over

Source CSSA Calculator

Example of a Hardware Store which sells 25,000 Units of “Obligated Products”

Online Assessment Tool

About the Online Assessment Tool

Org. Type	Sector	My Data
Manufacturing ✕	Hardware a... ✕	25000 ✕

Assessment

The assessment indicates you supply between **1,000 kg and 2,500 kg** of PPP

Thank you for using the Online Assessment Tool.
Please register as a Steward by accessing the WeRecycle portal at
<https://werecycle.cssalliance.ca/irj/portal> where you have the option to report as a low volume steward and pay the associated fee.

← Edit Data

← Start Over

Source CSSA Calculator

Number of Businesses Impacted

Neither CSSA nor EEQ capture the total number of businesses that are exempt from a program. What is known is the number of registered stewards.

In 2018, 548 stewards are registered in Saskatchewan, which has exemptions of \$2M for revenue and 1m tonne of PPP, while exactly 1300 stewards are registered in BC where the exemption for revenue is \$1M and the same amount for PPP generated by weight. In Quebec, there are 3400 registered stewards who participate in the program with the same exemptions as British Columbia.

The list of stewards in Saskatchewan can be found at:

<http://www.mmsk.ca/registered-steward-lists>

The list of stewards for BC can be found at:

<https://recyclebc.ca/stewards/feespayers/registered-stewards-list>

Number of Businesses Registered as Stewards per Province		
British Columbia 1300 contributors Exemption: \$1M in revenue and 1 metric tonne of PPP	Saskatchewan 548 contributors Exemptions: \$2M in revenue and 1 metric tonne of PPP	Quebec 3400 contributors Exemptions: \$1M in revenue and \$1 metric tonne of PPP

Considering the difference in the make up of provincial economies, it is impossible to tell what impact an exemption of \$1M versus \$2M of revenue has in the total number of businesses that are required to register as stewards. The Saskatchewan program introduced in 2016 is maturing. The 548 stewards registered in 2018 is up from 480 in 2017 an increase of 12.5%.

In addition, in 2017, in Saskatchewan 30 businesses that fell within the criteria had not registered as stewards and are deemed non-compliant. Non-compliance does not seem to be a problem in the three programs studied. The businesses that pay fees are looking for a level playing field and put a lot of pressure on CSSA and EEQ to go after the “free loaders”.

It is interesting to note that the Government of Saskatchewan is also registered as a steward as it disseminates various publications to residents. Their fee for the first year was \$2,348.26.

The number of companies that operate only in Saskatchewan and Manitoba provide another indicator of how many businesses do not belong to an organization whose head office is not already registered in another PPP program. In Saskatchewan, only 31 businesses or 6% of registered stewards operate only in that province while in Manitoba the number is 106 or 13% of registered stewards. These businesses represent the small number of enterprises required to register with the PPP program that do not already have an affiliation with another program through CSSA or EEQ. If the profile of small businesses in New Brunswick is similar, the vast majority of impacted businesses will already be part of an organization that participates in a PPP program elsewhere.

How many small businesses could be impacted in New Brunswick?

A detailed profile of New Brunswick small businesses was completed as part of this study. Using tax data, the number of incorporated and unincorporated businesses with less than \$1 million and \$2 million of revenue was compiled by sector. StatsCan uses 19 sectors and over 150 sub sectors to classify businesses. This information was obtained from the Economic and Statistical Analysis Branch, Department of Finance, and calculated using proxies for the amount of revenue generated. The original tables were provided to Recycle NB.

If the exemption in New Brunswick is set at \$1 million of revenue a total of 26,755 small businesses would be excluded (12,028 unincorporated and 14,727 incorporated). If the exemption is increased to \$2 million that total increases by 3600 to cover slightly more 30,000 small businesses.

A \$1 million level for the exemption represents 85.14% of all small businesses with revenues of less than \$5million, while the \$2 million ceiling represents 96.47% of small businesses (\$5 million of income is the StatsCan definition of a small business).

Impact on Small Business

Possible exemptions for Small Business

- **\$1,000,000 (26,591 small business - 85.15% of NB small business)**
- **\$2,000,000 (30,129 small business - 96.47% of NB small business)**

Exemptions for small businesses should also include an exemption by weight. Neither CSSA nor EEQ have information on how many businesses are exempt in their programs because of exemptions related to weight.

4. THE PARTICIPATION OF NEWSPAPERS IN QUEBEC.

The newspaper industry in every province with a PPP program does not participate in the same manner as other businesses that produce PPP. Recent interviews with senior officials in Saskatchewan revealed that newspapers in that Province are still not compliant and initial findings for Phase III in 2017/18 found that participation is an issue in the other CSSA programs.

As part of the Quebec Study Tour, Recycle NB was able to gather information on how newspapers participate in the PPP program in that province. In Quebec, the 149 owners of daily and weekly newspapers fulfill their obligations as stewards through RecycleMedia, the provincial steward for the newspaper industry.

Newspapers are defined as publications that report on current affairs and are printed on paper. This includes newspapers published in other provinces and sold in Quebec. Flyers or magazines are not part of RecycleMedia and must participate in the PPP program through EEQ.

Newspapers generating less than 15 tonnes are exempt from the program. This would equate to a small paper putting out less than 5000 copies every two weeks. It is also interesting to note that three newspapers represent approximately 50% of the tonnage.

RecycleMedia was created in 2000 in anticipation of the Quebec EPR program and accredited by the Government as the provincial steward for newspaper in 2005. They openly describe themselves, not only as the steward for newspapers, but as a “lobbyist” representing the interests of the industry. As with EEQ, they collect fees from members and remit these to RecycQuébec which issues payments to municipalities.

Like EEQ, they are responsible for enforcing compliance of non-participating stewards. If a newspaper refuses to report its tonnage to RecycleMedia, they can estimate the tonnage and send them a bill. Further non-compliance will lead to legal actions.

The contribution of the newspaper industry in Quebec includes a financial contribution and in-kind compensation by providing free advertising space to municipalities (through RecycQuébec) to promote recycling. The contribution is established according to the quantity of metric tonnes of print recycled each year.

The available advertising space is managed by RecycQuébec through an accredited public relations firm that is selected each year by tender. A drawback of this system is that individual municipalities normally do not have direct access to the advertising space. Campaigns tend to cover the entire province or large regions and are generic in nature. As of late, some campaigns have been seen as “self-serving” for the newspaper industry and focused on reminding citizens of the contributions made to municipalities by that sector versus the benefits of recycling.

The mix of in-kind and financial contributions has varied since the program was introduced in 2005. From 2005 until the legislation was changed in 2012, newspapers only provided in-kind contribution. Their first monetary payment in 2013 amounted to \$3.5 million and has been increasing every year.

Table from RecycleMedia on Compensation and Tonnage from 2010 to 2021

Année	Compensation Monétaire (\$)	Compensation publicitaire (\$)	Total	Tonnage
2010	-	2,660,000	2,660,000	135,852
2011	-	3,040,000	3,040,000	135,835
2012	-	3,040,000	3,040,000	135,835
2013	3,504,064	3,420,000	6,924,064	108,549
2014	3,846,900	3,420,000	7,266,900	87,069
2015	4,690,056	3,800,000	8,490,056	71,374
2016	5,192,800	3,800,000	8,992,800	60,848
2017	5,956,200	3,800,000	9,756,200	52,469
2018	6,892,500	3,800,000	10,692,500	48,289
2019	7,882,260	3,800,000	11,682,260	43,460
2020	8,994,976	3,800,000	12,794,976	39,114
2021	10,218,963	3,800,000	14,018,963	35,203
**Les compensations monétaires comprennent les paiements à Recyc-Québec et à ReyleMédias				

In 2019, the total payment to municipalities will be \$11.1 million (\$7.3 in monetary payment and \$3.8 million in in-kind advertising). As of 2019 the monetary payment will increase by 10% each year while the in-kind will continue to stay frozen at \$3.8 million as it has since 2015.

On the surface it may look as though Quebec has found a way to make newspapers comply with the PPP program. However that industry is going through a massive transformation.

The table above shows that the tonnage of newsprint produced is expected to be down by 74% from 2010 to 2021. Meanwhile, the total cost per tonne is up from \$23 per tonne in 2010 to \$ 358.4 per tonne; an astonishing increase of 1558%. These changes are attributable to the shift towards digital media. That is not the only challenge newspapers have faced over the past few years. There has also been a radical shift away from classified ads in newspaper to other web based providers (eg Kijji). In Quebec, flyers are not inserted in newspapers but rather through a private provider that bags them up and delivers them directly to households. The move to digital media, loss of classifieds and revenue from flyers has undermined the traditional financial model newspapers have traditionally relied on.

As a result of these structural changes to the industry, the Government of Quebec provides funding to RecycleMedia through a cultural program separate from the PPP program. The amount in 2017 was \$1.5 million and will increase to \$3.5 million this year (2019). New fees are being negotiated with the new Legault government. This means that the newspaper industry is now being directly subsidized by the provincial treasury to meet its obligations to the PPP program. This is clearly not sustainable.

The impact of a PPP Program on the newspaper industry was not in scope for any of the Phases of the PPP Dialogue and was therefore not studied in detail. The information above is based on only one interview with RecycleMedia and none in New Brunswick. More research is required to understand the impact for New Brunswick.

As the trend in tonnage of newsprint produced in our province is no doubt proportionally similar to Quebec, a phased approach, recognizing how fast that industry is changing, may be preferable. The industry may also wish to create their own stewardship organization as they have in British Columbia and Québec.

Considering in-kind contributions is also worth exploring, as it seems to be a feature in the other PPP programs. What reasonable exemptions are for New Brunswick also warrants further study.

Following the Quebec approach and including magazines and perhaps flyers with the principle PPP steward should be considered.

In Quebec newspapers that have a digital platform pay smaller fees as an incentive to encourage the industry to conserve paper. A well-designed program in New Brunswick could lead to a structure that also encourages environmental best practices.

CONCLUSION

Through its PPP Dialogue and with support from the Environmental Trust Fund, Recycle NB has developed a robust body of knowledge on national and international trends related to packaging and printed paper recycling programs, as well as, detailed knowledge on three of the PPP programs in Canada. Each program offers alternatives in terms of the role of the industry steward, the rules for small businesses and the role and compensation models for municipalities.

The Recycle NB PPP Dialogue was consultative and inclusive. Several hundred groups representing municipalities, the private sector, community groups and citizens provided input. At the core of the PPP Dialogue, was a Working Group representing Regional Service Commissions, Solid Waste Managers and municipalities from all parts of the Province.

The Working Group determined at its final meeting in February 2019 that “we now have the information we need to develop a made-in-New Brunswick PPP program”. The Working Group believes that “a common knowledge platform” has emerged around the need for an EPR PPP program, the need for formal mechanisms for municipal input, the need for rules for small business and, the need for the program to have a provincial reach and increased provincial standardization.

The role of municipalities or options for them within a PPP program still requires more work but the information and understanding is now available to have a productive discussion on this with all 12 RSCs.

The timing is right for the Province to announce its intention to introduce a PPP program for New Brunswick. At that point, a leadership group composed of people who participated in the PPP Working Group is ready to work with Recycle NB and the Department of the Environment and Local Government to take the results of the PPP Dialogue, and work with all 12 RSCs to arrive at a potential template for New Brunswick. If initiated soon, this can be done before the end 2019.

The timing has never been so good to announce the development of a Packaging and Paper Recycling Program for New Brunswick.

Recycle NB Phase IV PPP Dialogue Working Group Members

Ian Comeau, General Manager, *Restigouche Regional Services Commission - Solid Waste Division*

Jocelyne Hachey, Executive Director, *Chaleur Regional Services Commission*

Roland LeBlanc, Director of Solid Waste, *South East Regional Services Commission*

Marc MacLeod, Executive Director, *Fundy Regional Services Commission*

Pat McCarthy, Chief Executive Officer, *Recycle NB*

Mark Miller, Project Coordinator, *Department of Environment and Local Government*

Jeff Porter, Engineer, *Department of Environment and Local Government*

Jamie Seamans, Program Manager, *Recycle NB*

Atlantic Canada Observer:

Ashley Burke, Program and Policy Development, *Multi-Materials Stewardship Board, Newfoundland.*

New Brunswick Small Businesses* Under \$1 Million and Under \$2 Million in Total Revenues

Industry	Small businesses with total revenues less than \$1 million	Small business with a revenue less than \$1 million as a percentage of all New Brunswick Small businesses	Small businesses with total revenues less than \$2 million	Small business with a revenue less than \$2 million as a percentage of all New Brunswick Small businesses
Agriculture, forestry, fishing and hunting	2,301.0	7.37%	3,068.0	9.82%
Mining, quarrying, and oil and gas extraction	52.0	0.17%	69.0	0.22%
Construction	2,967.0	9.50%	3,956.0	12.67%
Manufacturing	607.0	1.94%	607.0	1.94%
Wholesale trade	632.0	2.02%	632.0	2.02%
Retail trade	2,040.0	6.53%	2,040.0	6.53%
Transport and warehousing	2,206.0	7.06%	2,206.0	7.06%
Information and cultural industries	201.0	0.64%	268.0	0.86%
Real estate and rental and leasing	3,627.0	11.61%	3,627.0	11.61%
Professional scientific and technical services	2,952.0	9.45%	2,952.0	9.45%
Management of companies and enterprises	197.0	0.63%	263.0	0.84%
Admin., waste and termination services	826.0	2.64%	1,101.0	3.53%
Education services	281.0	0.90%	281.0	0.90%
Health care and social assistance	2,902.0	9.29%	3,869.0	12.39%
Arts entertainment and recreation	613.0	1.96%	613.0	1.96%
Accommodation and food services	1,172.0	3.75%	1,562.0	5.00%
Other services except public admin	3,015.0	9.65%	3,015.0	9.65%
Total	26,591.0	85.14%	30,129.0	96.47%

* "Small business" is defined as having total revenues of less than \$5 million annually in 2016.

Source: New Brunswick Department of Finance from Statistics Canada, <https://open.canada.ca/en/search/inventory>