



BACKGROUNDER ON METRO VANCOUVER COMMERCIAL WASTE LICENSE AND LEVY INITIATIVES

On July 13, 2017, Metro Vancouver proposed three new initiatives which it stated at the Metro Vancouver Zero Waste Committee meeting were required to increase diversion in the industrial, commercial and institutional (ICI) sector including multi-family dwellings. Specifically:

- A new commercial hauler license to applied to commercial waste haulers;
- A new Mixed Municipal Solid Waste Generator Levy, and;
- Amendments to the current Bylaw 181

While diversion within the ICI sector has historically lagged the residential sector, the full implementation of the commercial food waste ban, including multi-family dwellings, has likely increased ICI diversion rates. However, Metro Vancouver's 2016 waste diversion reports is overdue which would shed important light on Metro Vancouver's assertions about the rationale for such initiatives.

The WMABC believes these measures will cumulatively add costs on businesses including resident of multi-family dwellings in Metro Vancouver. This contrary to your government's commitment to make life more affordable and lives easier by containing costs and service fee as outlined in your mandate letter as well as being inconsistent with the objectives and goals of Metro Vancouver's own Integrated Solid Waste and Resource Management Plan.

Commercial Hauler License

Metro Vancouver is proposing that all commercial waste hauling companies would be required to obtain a license to operate within the Region as a mechanism to ensure waste diversion systems are in place at multi-family and commercial and industrial businesses for the previously stated reason to increase diversion rates. The proposed license would require approval from the Minister of Environment.

The WMABC believes that it is inappropriate as well as unlawful for private waste collectors to be placed in a position to enforce municipal disposal bans which are the sole responsibility of the municipalities that have enacted the material bans. Enforcement is the sole purview of the municipal and/or regional governments. The license would also impose an administrative burden for private sector waste haulers without consideration of the financial and human resources required to fulfill license requirements beyond the flat fee suggested. There are also concerns about the confidentiality of business and customer records.

Mixed Municipal Solid Waste Generator Levy

Metro Vancouver is proposing a municipal solid waste generator levy which is essentially a split fee structure whereby the current tip fee is split into two parts - a fee to cover fixed costs and another fee to cover variable costs such as new infrastructure.

If a hauler disposes of waste materials at a Metro facility, they will pay both components of the fee. However, if the hauler chooses not to deliver its waste materials to a Metro Vancouver, the commercial hauler license would permit the Region to review the company's records and force the hauler to remit the Region for those tonnes not delivered at the rate of the generator levy.

The WMABC's view is that by requiring each commercial waste hauler to have a hauling license with the proposed conditions, this would force companies to dispose of their waste materials at Metro Vancouver facilities while allowing the Region to have the ability to increase each of the two fees at their discretion. In short, flow control. Like Metro Vancouver's previously proposed Bylaw 280 which was broadly opposed by businesses and residents and rejected by the Province, the levy provides Metro Vancouver unrestricted ability to increase and lower the fee.

This levy also creates an uneven playing field and protects Metro Vancouver operations and in effect blocks the private waste sector from providing competing services for its ICI customers. Metro Vancouver will have the ability to increase this charge to any level to fund any program and/or infrastructure they propose (e.g., a new incinerator). These concerns were realized when less than two months ago, Metro Vancouver Chair Greg Moore who stated on a Kamloops radio station (<http://bit.ly/2zCqyha>) that Metro Vancouver is still planning to go forward with a second incineration facility.

Metro Vancouver has repeatedly stated that this initiative does not require approval from the Minister of Environment. The WMABC disagrees and would state that the levy cannot be implemented as proposed by Metro Vancouver as it would be in violation of its own statutes.

Specifically, Section 7B1a under the Great Vancouver Sewer and Drainage District (GVS&DD) states that the GVS&DD may set levies "payable by generators of waste... not as fee payable by haulers, which means each tonne must be exactly what the generator disposed of. Further, 7B1b states that the GVS&DD can "set rates or levels of levies based on quantity, volume, type, or composition of waste generated'... but it does not include waste that leaves the Region. Section 7B1d allows the GVS&DD the authority to force haulers to collect and remit the GVS&DD tax however, it must be based on a measurement that the hauler can use to charge the levy, or Weights & Measures Canada comes into play. The waste collector would have to invoice its customers a "Metro Vancouver Generator Levy" authorized by the provincial government.

Also, for those municipalities that collect ICI waste, Section 7B2a specifies that cities "that picks up, transports or delivers waste... are classed as waste haulers and therefore have to be subject to any hauler license. The following is a link to the GVS&DD Act -

http://www.bclaws.ca/civix/document/id/complete/statreg/00_56059_01#section7B

Amendments to Bylaw 181

Metro Vancouver is proposing several amendments to Bylaw 181 including limiting private sector waste facility licenses to a 10-year terms. It is extremely difficult for a company to amortize an investment in a modern waste diversion facility over a 10-year period, especially when Metro Vancouver has publicly stated it is amortizing its infrastructure investments between 20-25 years.

The WMABC is also concerned with the appeal mechanism for license approvals. Under the current appeal mechanism, there is no due process for an independent review or adjudication of a dispute. Given this inherent unfairness and conflict of Metro regulating a market that it operates within, putting roadblocks in front of private investment and innovative technologies is at complete odds with the objectives Metro Vancouver's own Integrated Solid Waste and Resource Management Plan that specifically states – "to increase private sector investment and remove unnecessary impediments."

Lack of Meaningful Engagement

As previously mentioned, these proposed changes were announced in middle of summer. The public consultation process was poorly communicated and promoted to affected businesses and as a result there was poor attendance at the four events. Information presented at consultation sessions was similar to the lack of information presented in the documentation to Metro Vancouver's Zero Waste Committee on July 13 and representatives were unable to answer basic questions.

Several business associations have advised Metro Vancouver of the unintended consequences of its proposed actions and requested Metro Vancouver to delay the passage of these measures so that there may be further and informed consultation.

Summary

The WMABC believes that with all the public debate about affordability in the Region it seems rather politically tone deaf that Metro Vancouver would introduce a new tax on businesses and residents.

The Association believes the cumulative effect of all three initiatives represents:

- a potential tax on businesses and residents in multi-family dwellings which is opposite of provincial environment Minister's mandate letter to not cause undue economic burden on taxpayers;
- a severe impairment on private sector waste diversion initiatives and investment that could help Metro reach its goal without imposing a financial burden on businesses and residents of Metro Vancouver, and;
- runs contrary to the objectives and goals of the Integrated Solid Waste and Resource Management Plan

The WMABC along with waste generators in the ICI and Multi Family sector stand ready and willing to work with Metro Vancouver to develop a program of solutions and options that will bring greater efficiencies to waste services and diversion programs and help the Region achieve its high diversion targets. Some immediate actions that Metro Vancouver could undertake include:

- Improving enforcement at municipal levels by making waste diversion part of annual business license process;
- Engage with specific industry/generator sectors like multi-family building associations to develop improvements to the design and implementation of disposal bans
- Use previous models such as Metro Vancouver's Construction & Demolition Disposal Ban which has successfully contributed to the diversion of materials from the waste stream without investment by Metro Vancouver in facility infrastructure.