



September 6, 2018

Recycle B.C.
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Via email: Consultation@recyclebc.ca

To Whom It May Concern,

On behalf of the Waste Management Association of British Columbia (WMABC), we are pleased to provide our comments on proposed improvements to enhance the performance of and accessibility to the Recycle B.C. Program Plan (Program). It is timely that Recycle B.C. is conducting its Program review given the dramatic changes to the recycled materials market and the federal-provincial-territorial development of a national zero plastic waste strategy.

By way of background, the WMABC is comprised of over 70 independent private waste services businesses with over 3,000 employees that provide a majority of the waste and recycling services across the province. As an active participant in the waste management services sector in B.C., we have and continue to provide a critical role in the delivery of efficient and cost-effective waste diversion, recycling and disposal services for the municipal and the industrial, commercial and institutional (IC&I) sectors.

As an industry, we are particularly proud of our leadership role in waste diversion across the province. The members of the WMABC have played a pivotal role in enhancing the diversion of materials in both the municipal and IC&I sectors by providing our strengths in logistics and infrastructure to collect and process these materials in an environmentally responsible manner and return them to the economy as secondary resources. We regard these as examples of a sustainable approach to resource reallocation and promotion of a circular economy.

For over 30 years, the Association has acted as a conduit and representative voice for its members in connection with the development and promotion of government policies and programs that increase waste diversion and recycling and move towards the development of a circular economy.

Setting the Context

Waste diversion programs including those in the IC&I sector are facing considerable economic and logistical headwinds. One of the most significant challenges has been the surge in plastics and plastic composite products and packaging into markets and the lack of recyclability of these materials. These plastics are rapidly displacing recyclable paper, metal and glass packaging that have long been the cornerstone of diversion programs and have led to higher contamination rates at recycling facilities. With less value and no viable end markets for these materials, they are being disposed of in landfills and waste to energy facilities or worse, ending up in the environment. This is by no means specific to B.C. as this scenario is occurring right across Canada and the U.S.

One of the failings in the recyclability of plastics has been the disconnect between the materials collected and lack of pull or end markets for these post-consumer plastic materials. If Recycle B.C. is to meet the proposed performance metrics outlined in Canada's Plastic Charter, it will need to address this disconnect.

While waste services providers do not have the ability to influence the design of products and packaging, they understand the environmental and economic challenges and opportunities associated with waste diversion and processing. To serve their customers, our members must plan, educate and manage the collection and processing of the materials that producers sell into the market. The WMABC proposes several public policy measures that would help with the enhancement of the performance and accessibility of the Recycle B.C. Program.

Improving the Performance of the Program

The WMABC is supportive of Recycle B.C.'s four principles:

- focus on outcomes, not process;
- provide economic incentives and set simple rules;
- foster interaction, collaboration and competition to drive innovation, and;
- set the stage for evolution through continuous improvement.

The Association believes this approach will be paramount for Program's future success.

To enhance the performance of the Program, the WMABC believes that provincial and municipal governments have the opportunity through their existing procurement programs to stimulate the development of end markets and create pull for these plastics as part of the development of a circular economy. The WMABC has members that could easily provide post-consumer recycled materials to develop markets for new locally developed products and services.

However, one of the critical issues that often arises when governments attempt to stimulate new markets is to support specific approaches and technologies through legislation, regulation and/or public policy. Not only is it inappropriate for governments to try to predict the needs of future markets, but when they do, they often have a less than stellar record in guessing what the market will need in coming years.

The WMABC would caution Recycle B.C., the province and municipalities not to focus on public policies that pick “winners” and conversely “losers” but instead create a public policy environment that encourages and incents a broad range of waste service companies to adapt as well as attract new investment and technologies to respond to evolving market needs. These policies and regulations should not be prescriptive and/or focus on a specific type of technology, material or service but rather focus on the desired outcomes while ensuring environmental protections are in place.

To this end, the WMABC recommends that the provincial government and municipalities commit to conduct a comprehensive review of existing waste management policies and programs to create a public policy environment that will create pull for plastics as well as other materials and address disconnections along the chain of custody of these materials. This will ensure that any new initiatives enhance the performance of the Program as well as facilitate investment in the development of a circular economy. However, for a circular economy to take hold in B.C., there are two key factors that influence investment – an open and competitive market and regulatory certainty.

Open and competitive markets allow for the development of dense collection networks which in turn drives higher productivity while maximizing internalization opportunities. This environment helps de-risk investments in new recycling infrastructure and manufacturing facilities. Given the patchwork of regulations between the regional districts across the province, this fragmented approach can destabilize the materials market and the results can be counterproductive. Investment capital flows more readily to those jurisdictions where it can be most effectively utilized and where the returns are the greatest.

With respect to regulatory certainty, the WMABC believes in regulation. However, it must be developed in conjunction with the private sector that establishes clearly-defined policy objectives to protect the environment but also creates systematic incentives that allow companies to invest in new and innovative technologies and approaches. Approval processes and permitting should also be outcome focused and based on sound science and economics that encourage solution providers and the market to develop innovative ways to meet these standards.

The materials that the B.C. waste services industry collect, and process are commodities within a competitive global economy. If our industry is to serve the needs of our customers such as Recycle B.C. and grow and thrive, there needs to be a regulatory framework that is consistent, effective and fast-moving. This will not only encourage companies to invest in new and innovative technologies and approaches but also incent those companies to use these feedstocks to create value-added products thus lowering costs for brand owners, municipalities and taxpayers.

Enhancing the Accessibility of the Program

It should be noted that many jurisdictions with producer responsibility programs are moving from a monopolistic to a competitive marketplace with multiple service providers and programs. This not only encourages investment and innovation in new capacity and diversion technologies but also reduces costs to brand owners, businesses and taxpayers. The WMABC would suggest that the Recycle B.C.'s Industry Advisory Council include representatives that are directly involved in the private waste services industry specifically in the collection and processing side of the business.

Another aspect of regulatory certainty is competition between the public and private waste services sectors which can exacerbate the disconnection along the materials chain of custody.

In some jurisdictions, municipalities may provide waste services in direct competition with the private sector. As an example, a municipality or regional district may own and/or operate transfer stations, materials recycling facilities, disposal facilities (landfills and/or waste-to-energy) while simultaneously being the regulator of private sector services in the community in terms of licensing waste processing facilities, charging various fees disposal and fines for non-compliance as well as arbitrating disputes and complaints from the private waste services sector.

In these instances, depending on the degree of services provided, a municipality or regional district may create a monopsony whereby it is the sole buyer of waste materials that restricts competition in the diversion and/or disposing of waste. This also places smaller private waste

services providers at a competitive disadvantage with larger companies, which could push smaller companies out of the market resulting in business failures and job losses. Under Canada's Competition Act, these activities by the public sector could be considered an abuse of dominance.

Summary

The WMABC believes the Recycle B.C. Program requires a collaborative effort from all stakeholders along the material chain of custody. We believe that some of the environmental and economic issues around the management of materials issues outlined in the Program review have been in part due to a disconnect between the activities of several key stakeholders. Therefore, the WMABC would recommend:

- any future activities within the Program must include all stakeholders involved in the chain of custody of approved materials.
- any discussion of the structure or restructure of provincial and municipal waste diversion and management policies must include outcome-based policies and regulations in an open and competitive market to encourage and incentivize private sector investment that will create new and innovative diversion and recycling facilities, facilitate a circular economy and in turn reduce costs for brand owners, local governments and taxpayers.
- that Recycle B.C. advocate for the establishment of definitions and performance standards to ensure claims of recyclability or compostable products entering the market so as not to inundate local markets with materials that municipal and industry collection systems cannot process and result in increased disposal costs.
- any targeted action on reducing plastic products and packaging including bans, fees or recycled content requirements must undergo a full economic analysis before approval and implementation so as not to cause unintended consequences.
- governments at all three levels should commit to procurement programs to stimulate the development of end markets and create pull for these materials which in turn can facilitate the development of a circular economy.
- that the Recycle B.C.'s Industry Advisory Council include representatives that are directly involved in the private waste services industry specifically in the collection and processing side of the business.

We would respectively recommend that the above points and issues raised in the preceding sections be incorporated into the ongoing enhancement of the Program to sustainably increase the diversion of materials from the waste stream and develop end markets for those materials.

The WMABC stands ready and willing to work with Recycle B.C., the province and local governments to address these issues. For further information, please contact Lori Bryan, Executive Director for the WMABC at lbryan@wmabc.com

Sincerely,

Noel Massey
President

- c. Hon. Minister George Heyman, Minister of Environment
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