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Plastics Consultation

Environment and Climate Change Canada

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To Whom It May Concern,

On behalf of the Waste Management Association of British Columbia (WMABC), I would like to thank you for the opportunity to provide input on a National Zero Plastic Waste Strategy (Strategy) for Canada. We are pleased to support your efforts on this federal-provincial-territorial approach to keep plastic wastes within the economy and out of disposal and the environment. We applaud your leadership on addressing this issue across Canada as well as on the global stage.

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.

National Zero Plastic Waste Strategy

The Strategy has identified five main areas where it believes Canada can tackle plastic waste:

- Sustainable design and production - changing how we create plastics to extend their life and eliminate waste.
- Collection and management - improving how we collect and manage plastics at the end of their life.
- Sustainable lifestyle and education - helping consumers and companies to make sustainable choices, raising Canadians' awareness of the issue, and empowering them to find solutions.
- Research and innovation - strengthening our knowledge and advancing innovation to develop solutions.
- Action on the ground - mobilizing Canadians, including governments, businesses and individuals, to keep our environment and waters clean and healthy.

To address these areas of concern, the WMABC agrees that the Strategy will truly require a collaborative effort from all Canadians, including all levels of governments, waste services providers, waste producers (brand owners and first importers), business and industry associations, Indigenous peoples, researchers and packaging experts, non-profit organizations and individuals including youth. However, the WMABC would add, there has and continues to be a disconnect between the activities of several key stakeholders which has contributed to some of the environmental and economic issues around the management of plastics that will be addressed later.

While private 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 without any prior consultation or coordination. For the purposes of this letter, the WMABC will focus its comments on the issues pertaining to its sphere of influence, specifically improvements to performance and accessibility for materials collection, management and innovation.

The B.C. Waste Environment

Non-hazardous solid waste in B.C. can be divided into two sectors – municipal and industrial, commercial and institutional (IC&I).

The municipal sector generates approximately 30 percent of the non-hazardous solid waste produced in B.C., which is predominantly from single-family dwellings. Most waste diversion in the B.C. municipalities is conducted through curbside collection with aggregate diversion rates at often approximately 50 percent or even higher in several municipalities. This waste stream is virtually homogeneous with respect to the type and volume of materials that are collected on a weekly or bi-weekly basis. In B.C., curbside collection is predominantly conducted by private waste service providers on behalf of municipal governments or Recycle B.C., the latter a producer responsibility program funded by the producers of plastic products and packaging as well as other approved materials. These materials are then segregated and returned as resources to the economy.

By contrast, the IC&I sector generates approximately 70 percent of the non-hazardous solid waste produced in B.C. Waste diversion within the IC&I sector varies widely as volumes and sources of materials are generated from a myriad of activities including construction, retail, professional services, industrial manufacturing, food services, hospitals, schools and multi-family dwellings to name only a few. Notwithstanding the exemplary efforts by large brand owners demonstrating leadership in promoting responsible product stewardship, other companies may not be as progressive. Hence, diversion rates can vary widely between industrial, commercial and institutional activities. Producer responsibility programs like those in the municipal sector are not as effective in the IC&I sector because of the diversity of the materials and sources of generation. As a result, waste diversion in this sector lags the municipal sector for a wide range of reasons as diverse as the sectors within it.

The increase in plastic and plastic composite products and packaging materials collected has resulted in higher contamination rates at recycling facilities. With little to no value and no viable end markets for these materials, they are being disposed of in landfills and/or waste to energy facilities. This is creating an economic burden on the cost of both municipal and IC&I diversion programs which has been exacerbated by China's National Sword Program introduced on January 1, 2018 and subsequent tariff actions in recent weeks.

The proliferation of these plastic materials and packaging being disposed or ending up in the environment can be attributed in part to a disconnect between stakeholders along the material chain of custody - from entry into the market through to end markets. This is by no means specific to B.C. as this is occurring right across Canada and the U.S.

The following are proposed solutions that WMABC would suggest the three levels of governments considered when developing its plastic waste strategy.

Lack of End Markets

As previously stated, one of the failings in the recyclability of plastics has been the lack of pull or end markets for these materials. This disconnect between the materials collected and end markets is due in large part to a combination of weak commodity prices for these materials and demand for post-consumer plastic end markets.

WMABC believes a solution could be governments at all three levels using their existing procurement programs to stimulate these end markets and create pull for these materials which in turn can stimulate the development of a broader circular economy.

Many international markets can point to significant contracts that processors and end markets have with governments and other public entities in their own countries. Whether it is the implementation of new technology or a systemwide purchase of recycled goods, such contracts often give companies the reassurance that they will not be taking a risk with a technology, product or service. International competitors to B.C. waste services firms can offer these examples because, in many cases, governments in their home jurisdictions have used their procurement efforts to support their leading-edge environmental companies.

However, for a circular economy to take hold in jurisdictions such as B.C., as well as across Canada, there is a need for a public policy environment that protects and encourages open and competitive markets that 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 across a province as well as the country, this fragmented approach can destabilize the materials market and the results can be counterproductive.

Focus on Creating Winning Conditions, Not Picking “Winners” or “Losers”

One of the critical issues that often arises when governments are attempting 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 have a less-than stellar record in guessing what the market will need in coming years.

The WMABC advises governments not to focus on policies and regulations that pick “winners” and conversely “losers” but instead create an environment that helps a broad range of waste service companies adapt and succeed. Rather than adopting policies that are prescriptive and/or focus on a specific type of technology or service, governments should adopt broader policies that ensure environmental protections are in place while encouraging and enabling all companies in the sector to respond to market needs.

This point was reiterated in a 2011 study in the Stanford Social Innovation Review that identified four reasons that government policies to support perceived “winning” environment and cleantech technologies often do not produce the intended results:

- Technical challenges: the solution, while promising on paper, faces insurmountable technical challenges that prevent it from being adopted by the market;
- Incompatible with existing systems: many solutions require completely new ways of operating that are too far removed from existing methods of doing business;
- Head-on competition with existing technologies: current solutions are often easier and far more cost effective than new ones, unless regulations favour new approaches or pricing mechanisms include a phase-in incentive, and;
- Customers do not value the new solution: many new solutions do not offer customers a simpler, more effective way to solve their current problems over and above their existing solutions.

The authors concluded that governments should tread very carefully when making environmental policies to ensure they are not artificially supporting approaches that while superficially attractive may have unintended consequences for a future market base. Government actions have not always been consistent in this regard.

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.

Creating Regulatory Certainty

Like many jurisdictions, B.C. is also challenged with insufficient capacity in waste management infrastructure (e.g. waste diversion, processing, disposal, etc.) to manage its waste and recyclables within the regions and secure end markets for these products. Operational and environmental challenges and other outcomes are the result.

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 provinces and municipal governments, 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 that protects the environment but also creates systematic incentives that allow companies to invest in new and innovative technologies and approaches. Approval processes and permitting should 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 waste services industry collect, and process are commodities within a competitive global economy. If our industry is to serve the needs of our customers, 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 in the regions where the feedstocks originate thus lowering costs for brand owners, municipalities and taxpayers. However, 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.

To that end, there needs to be a truly joint process whereby government sets the policy outcomes it wants and then collaboratively engages the waste services industry to determine the best way to achieve these policies and the outcomes we both hope to deliver.

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.

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 power.

Summary

The members of the WMABC and the private waste services sector across Canada can play a pivotal role in enhancing diversion of plastics 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 examples as a sustainable approach to resource reallocation and promotion of a circular economy.

The WMABC has long advocated for a truly joint process whereby governments set the policy outcomes it wants and then collaboratively engages the waste services industry and other stakeholders to determine the best way to achieve these policies.

The Association does not believe in silver bullet approaches. What works in Vancouver may not be efficient or effective in Calgary, Toronto, Sherbrooke or Halifax. Rather, the WMABC recommends that each provincial and territorial Minister of Environment direct their respective ministry to engage with the private waste services industry, local governments, brand owners and other pertinent stakeholders to discuss the key challenges and opportunities to increase plastic waste diversion in both the municipal and IC&I sectors within their respective provinces.

Toward this effort, the WMABC recommends the following components of a national zero plastic waste strategy.

- Any strategy must include all stakeholders involved in the chain of custody of plastic materials and include representatives that are directly involved in the private waste services industry specifically in the collection and processing side of the business.
- Any discussion of the structure or restructure of waste diversion and management policies and regulations should:
 - be outcomes-based;
 - provide economic incentives to incent investment;
 - encourage collaboration and interaction with stakeholders along the materials chain of custody through open and competitive markets, and;
 - be flexible to encourage continuous improvements.
- Producers including brand owners and first importers must be fiscally responsible for the management of their products and packaging at their end of life. However, we do not recommend that producer responsibility programs currently in place for municipal diversion programs be introduced into the IC&I sector as these programs would exacerbate many of the stated issues of concern.
- Establishment of definitions and performance standards to ensure claims of recyclability or compostable products so as not to inundate local markets with materials that municipal and industry collection systems cannot process.
- 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 these end markets and create pull for these materials which in turn can stimulate the development of a broader circular economy.

The above points and issues raised in the preceding sections could serve as a template for developing a coordinated national strategy and program to address and sustainably increase plastic waste diversion and end markets for those materials.

The WMABC stands ready and willing to work with the federal government, B.C. provincial and local governments to address the issue of plastic waste diversion. For further information, please contact Lori Bryan, Executive Director for the WMABC at lbryan@wmabc.com

Sincerely,

Noel Massey
President

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