

Packaging and Paper Product Extended Producer Responsibility Plan

Amendments

Revised September 2021



405-221 West Esplanade
North Vancouver, BC
RecycleBC.ca

Table of Contents

Program Plan Director's Letters

Recycle BC Approval Letter and EPR Plan, June 2019	3
Recycle BC's Program Plan Request - Letter to Assistant Deputy Minister, July 2020	8
Approval Letter re: Recycle BC's Program Plan Request, August 2020	14

Producers Paying the Cost Amendment

Producers Paying the Cost Approval Letter, August 2021	17
Producers Paying the Cost Amendment, September 2020	19



Reference: 345241

June 28, 2019

Tamara Burns
SVP Western Operations
Canadian Stewardship Services Alliance
(on behalf of Recycle BC)
171 Esplanade West, Suite 230
North Vancouver, BC V7M 3J9

Dear Tamara Burns:

Thank you for submitting proposed amendments to the Packaging and Paper Product Extended Producer Responsibility Plan (the plan) in fulfillment of the requirements of section 6 of the [Recycling Regulation](#) (the Regulation) made under the *Environmental Management Act*. I appreciate the industry's continued commitment to achieving compliance in this regard.

Under the Regulation, the director has the ability to both amend an approved extended producer responsibility (EPR) plan on his own initiative, and to approve amendments to an approved plan that have been proposed by a producer. I have completed my review of, and approve, the amendments proposed by Recycle BC in the plan submitted on June 21, 2019.

Recycle BC was provided with my preliminary decision letter dated May 22, 2019 and had the opportunity to propose further amendments or provide additional information for consideration. Recycle BC addressed several of the identified deficiencies either in the revised plan itself or through information provided; however, certain components remain outstanding. Therefore, in addition to the amendments proposed by Recycle BC, and approved by me in this letter, I am further amending the plan, pursuant to section 5(5) of the Regulation concerning the following areas:

1. Producers paying the costs

The plan does not indicate how or when the results of the process will be reflected in a future plan amendment once the cost study and consultation process is complete. Pursuant to section 5 of the Regulation, "the plan [itself] must adequately provide for the producer paying the costs..." A more detailed commitment in this regard is required. I am therefore requiring the following amendment to address this deficiency:

- By August 31, 2020, Recycle BC will propose amendments to the plan that demonstrate how the plan itself meets subsection 5(1)(c)(i) of the Regulation. These amendments will summarize and justify the cost study and methodologies consulted upon, the process involved, how stakeholder comments were solicited and addressed, the resulting basis of compensation being proposed and how any adjustments to compensation/producers paying costs will be applied.

2. Reasonable and free consumer access to collection

Pursuant to subsection 5(1)(c)(iii) of the Regulation, the plan must adequately provide for reasonable and free consumer access to collection facilities or collection services.

a) Curbside equivalency definition and adjacency criteria

The amended plan commits to, in 2019, determining an equivalency definition regarding curbside collection eligibility criteria for local governments. As indicated in my May 22, 2019 letter, the plan does not indicate how or when the plan will be revised in a future plan amendment to reflect this definition. The amended plan also commits to, in 2021, assessing the feasibility of servicing smaller, densely populated communities located adjacent to communities with curbside service; however, the plan does not indicate how or when the plan will be revised in a future plan amendment to reflect such adjacency. I am therefore requiring the following amendments to address these deficiencies:

- By August 31, 2020, Recycle BC will propose amendments to the plan that demonstrate how the plan itself meets subsection 5(1)(c)(iii) of the Regulation. These amendments will justify the methodology, the process involved, how stakeholder comments were solicited and addressed, and include equivalency definition parameters, including timelines for offers to communities meeting the equivalency definition.
- By August 31, 2021, Recycle BC will propose further amendments to the plan that demonstrate how the plan itself meets subsection 5(1)(c)(iii) of the Regulation. These amendments will justify the methodology, the process involved, how stakeholder comments were solicited and addressed, and include adjacency criteria, including timelines for offers to communities meeting that criteria.

b) Streetscape

The plan does not indicate how or when the results of the advisory group consultation process will be reflected in a future plan amendment including specific service commitments once the consultation is completed. Pursuant to section 5 of the Regulation, the plan must adequately provide for the collection of the product "...from municipal property that is not industrial, commercial or institutional property."

A more detailed commitment in this regard is required. I am therefore requiring the following amendment to address this deficiency:

- By August 31, 2020, Recycle BC will propose amendments to the plan that demonstrate how the plan itself meets subsection 5(1)(d)(ii) of the Regulation. These amendments will summarize the advisory group consultation methodologies, the process involved, how stakeholder comments were solicited and addressed, and the resulting service and funding commitments, and program deliverables.

c) Multi-family awareness and service

While the plan does address a comprehensive means to increase consumer awareness in this sector, and demonstrates a 4% increase from 2017-2018 in multi-family households served, as indicated in my May 22, 2019 letter, the plan does not include a graduated multi-family servicing target for multi-family expansion. A more detailed commitment in this regard is required. I am therefore requiring the following amendment to address this deficiency:

- By August 31, 2020, Recycle BC will propose amendments to the plan that include a service target for multi-family expansion.

The above additional amendments form part of Recycle BC's plan and take effect on June 28, 2019.

These additional amendments are required to ensure the plan adequately provides for the elements set out in Subsections 5(1)(c)(i), (iii), and 5(1)(d)(ii) of the Regulation. Specifically, I must be satisfied that:

- the producer will propose amendments to the plan that demonstrate how the plan itself meets subsection 5(1)(c)(i) of the Regulation following completion of the cost study;
- the producer will propose amendments to the plan that demonstrate how the plan itself meets subsection 5(1)(c)(iii) of the Regulation, including equivalency definition and adjacency criteria;
- the producer will propose amendments to the plan that demonstrate how the plan itself meets subsection 5(1)(d)(ii) of the Regulation, including streetscape service and funding commitments, and program deliverables; and
- the producer will propose amendments to the plan that demonstrate how the plan itself meets subsection 5(1)(c)(iii) of the Regulation, including a service target for multi-family expansion.

Pursuant to section 6 of the Regulation and based on the plan's original approval date of April 15, 2013, Recycle BC's next plan review must be completed by April 15, 2023. However, a director under the *Environmental Management Act* may amend the approved plan pursuant to section 5(5) of the Regulation or rescind approval of the approved plan pursuant to section 6.1 of the Regulation, should Recycle BC fail to meet the commitments set out in the approved plan. Please also note that failure to comply with an approved plan may result in the imposition of an administrative monetary penalty of up to \$40,000 or a fine of up to \$200,000.

Future plans and amendments

As has been conveyed to other stewardship agencies, the ministry expects continuous improvement across all future plans and amendments including the following areas of concern:

1. Plan commitments – for example, use specific and measurable language;
2. Consumer access – for example, develop comprehensive province-wide accessibility – particularly in rural areas, or improve upon the current Stewardship Agencies of B.C. accessibility standard;
3. Consumer awareness - for example, include performance requirements tailored for different consumer groups and all product types managed by the program;
4. Financial transparency – for example, provide greater levels of disclosure in financial statements to better serve interests of producers, the ministry, and other stakeholders; and
5. Pollution prevention hierarchy – for example, highlight program areas of influence.

I acknowledge that some plans better address these various concerns than others, and that collaboration between some producers/appointed agencies and the ministry is also underway. Additionally, the ministry intends to develop further guidance on select areas of concern.

Related to the above concerns, but beyond my approval in this letter, I note the following opportunities for continuous improvement specific to Recycle BC:

1. Given the recently stated recovery rate of 78.1 % in Recycle BC's 2018 Annual Report, and the currently projected recovery rates of 75% in 2019, 77% in 2020 and 2021, and 78% through 2022, there may well be an opportunity to set more realistic recovery rates within the term of this plan as it continues to evolve; and
2. With all levels of government focusing on reducing plastics and single-use items, as well as the various tools such as Extended Producer Responsibility, bans, levies, recycled content and/or procurement standards, etc. being considered, it will be in Recycle BC's interests to continue to proactively advance practical means to support this direction.

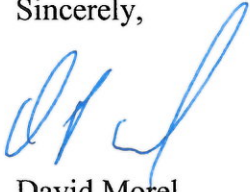
Third Party Assurance for Non-Financial Information in Annual Reports

Third party assurance for non-financial information in Annual Reports is required through Section 8(2)(h) of the Regulation. The assurance report should be completed in accordance with the document entitled, "Third Party Assurance Requirements for Non-Financial Information in Annual Reports" dated October 2018 and revised from time to time, which is enclosed.

Finally, the ministry expects this approval letter to be forwarded to Recycle BC's board of directors as well as its member producers, since each producer is responsible for ensuring its agent fulfills the plan, and compliance proceedings may be taken against a producer if the agent fails to implement the plan.

If you have any questions regarding the implementation of your plan, or suggested opportunities for improvement, please contact your ministry file lead.

Sincerely,



David Morel
Assistant Deputy Minister
Environmental Protection Division

cc: Kris Ord, Executive Director, Environmental Standards Branch
Bob McDonald, Director, Extended Producer Responsibility Section
Hanna Vovk, Ministry file lead, Extended Producer Responsibility Section



John D. Coyne
Recycle BC Board Chair

July 14, 2020

Laurel Nash
Assistant Deputy Minister
Ministry of Environment and Climate Change Strategy
525 Superior St.
Victoria, BC
V8V 1T7

Subject: Recycle BC Program Plan requirements

Dear Ms. Nash,

As Chair of the Board of Recycle BC, I am writing to provide highlights of our program performance and details of the considerable impact that the COVID-19 pandemic is having on the businesses that fund Recycle BC. In that context I am also writing to request relief in relation to certain of the Ministry of Environment and Climate Change Strategy's (Ministry) recent requirements included in our Program Plan commitments.

Since our program's inception in 2014, businesses have provided more than half a billion dollars to create what we are confident is the most successful full producer responsibility program for residential packaging and paper products in the world. Unlike other stewardship programs, many of which are funded by a combination of environmental fees and/or deposits paid by consumers, Recycle BC's program is entirely funded by businesses who put packaging and paper products into the marketplace. These businesses have funded all of their obligations in relation to the provincial regulation, all while accommodating increasing Ministry expectations, significantly rising costs, and constrained markets for materials resulting in dramatic shifts in the supply and demand of recyclable material.

Thanks to Recycle BC, more than 98% of British Columbians have access to a recycling system with the largest basket of accepted materials of anywhere in Canada. We boast a recovery rate equivalent to more than 78% of the materials our businesses place into the market and, last year, 90% of the materials we collected were managed by recycling. We are also proud of the work Recycle BC has done to include First Nations communities in our program. Recycle BC has dedicated itself to working with First Nations communities to ensure they can participate in our program when they are ready to do so. We are a founding member of the First Nations Recycling Initiative and, as of 2019, 43 First Nations across BC participated in Recycle BC's program, representing approximately one third of the First Nations populations living on First Nations or treaty settlement land within BC.



The ambition of the program has resulted in the creation of a local circular economy for plastic. 98% of the plastic we collect here in British Columbia is further processed in the Province and, this year, the implementation of our new post-collection network means we will be able to keep the majority of our fibre (paper and cardboard) in the Pacific North West as well. These are significant achievements at a time when many jurisdictions across North America and around the world are limiting the types of materials they collect, and stockpiling or landfilling materials because they cannot find markets.

As you know, this performance has come at great cost. Carrying out the Ministry's additional requirements means Recycle BC will experience a doubling of costs by next year compared to what they were just 5 years ago. Moreover, with the Ministry's additional requirements for our program, Recycle BC is on pace to be 1.5 times the per capita cost of the reported net cost for Ontario's municipalities. Last year, the businesses that fund Recycle BC absorbed an increase to their fees of 26% - the second straight year of significant cost increases. This occurred despite the Board of Recycle BC choosing to draw down on our operating reserves two years in a row to soften and smooth the impact of ever-increasing costs. As responsible managers of the Program, we cannot continue to utilize this option - yet we face another year of significantly rising costs.

It is against this backdrop that we refer to the Ministry's new requirements in Recycle BC's submitted Program Plan of June 2019, which requirements effectively mandate activities that result in further cost escalations guaranteeing continuing significant increases in the years to come. The Ministry's requirements followed extensive consultations by Recycle BC on our Program Plan, after which we incorporated demands from the Ministry, expanding the scope of the plan and our costs. These significant costs are incurred in order to fulfill obligations set by the Ministry. However, those obligations result in only very marginal increases to our program performance and resident experience with recycling services.

Our concerns are exacerbated by the serious financial effects of the global pandemic.

As you know, the COVID-19 pandemic has completely reshaped the world economy and British Columbia businesses are not immune. Recycle BC is funded by more than 1,100 businesses that operate in British Columbia. These businesses are BC's primary employers. Many have suffered greatly as a result of the pandemic. Some have already announced the need to close. Some have initiated bankruptcy protection proceedings. Some are closing their storefronts and moving to online platforms. None are left untouched by the tremendous impact of the pandemic.

In late April, the Vancouver Board of Trade (VBT) issued a news release forecasting: "For businesses temporarily closed, the future is similarly dire, with only half (53%) expecting to reopen once the restrictions are eased on workplace operations..." (VBT, April 21, 2020). What is abundantly clear is that, as the pandemic continues to ravage the health of our friends and families, it is devastating the health of the businesses that ensure jobs for British Columbians, and there will be fewer businesses to pay for the operation of the Recycle BC program and ever-increasing costs.



The Province of BC is executing its BC Restart Plan, hoping to ensure health and safety while getting people back to work. The road ahead is a long one and for our businesses which employ British Columbians the next increase in costs related to our program will come after a prolonged period where many of our businesses closed to support the Province's social distancing measures, and an even longer period where our businesses tried to adapt to a new reality of fewer customers, higher costs associated with enhanced health and safety measures and a recession sapping the spending power of consumers.

Consequently, I am writing to request relief from the Program Plan amendments contained in Assistant Deputy Minister and Statutory Decision Maker David Morel's letter dated June 28, 2019. These include amendments under the following headings:

1. "Producers paying the cost"
2. "Reasonable and free consumer access to collection"
 - a. Curbside equivalency definition and adjacency criteria
 - b. Streetscape
 - c. Multi-family awareness and service"

Each of the amendments comes with both significant initial and ongoing annual costs. We have calculated the total initial cost of these amendments to be approximately \$14M. I will try to briefly itemize our concerns with each below.

1. *"Producers paying the cost"*

In 2018, Recycle BC performed and consulted on a cost study, prior to submitting its Program Plan to the Ministry, in accordance with the Ministry's 2018 guidance document (*Producers Paying the Cost of Managing Obligated Materials and Dispute Resolution*). Despite this, the Ministry mandated Recycle BC perform an additional cost study, over and above those already mandated. The result is the Ministry effectively ordered two cost studies in a two-year period, a frequency which is not contained in either the regulation or the Ministry's guidance document. Recycle BC relies upon a cadence for cost studies to effectively budget for the costs associated with the studies themselves and the potential cost increases resulting from the information gathered during the cost study process, which costs are used to to set the financial incentive rate for collection services. This process provides some measure of predictability to all participants that costs will remain stable for a set period of time.

While we accept the responsibility to pay the full costs, the Ministry's decision to deviate from the frequency of cost studies set forth in its guidance document has placed additional, unanticipated financial pressure on our program. As a result, we are asking that the Ministry follow the regulation and guidance document and relieve Recycle BC of the responsibility of this additional cost study.



2. “Reasonable and free consumer access to collection”

a. Curbside equivalency definition and adjacency criteria

Since 2014, Recycle BC has significantly increased BC residents’ access to its recycling services. We have introduced curbside collection service to areas that previously had none, and added more than 100 depots to our program. Yet the Ministry seeks incremental expansion to accessibility, which comes at a much higher cost due to its remote nature and low volume of material. The result is a very high cost for a very low marginal rate of return. This has contributed to our escalating cost structure.

This year Recycle BC conducted the necessary work to bring forward a curbside equivalency definition in accordance with the Ministry’s requirements. Currently, only communities with populations in excess of 5,000 people may choose to adopt curbside collection. The curbside equivalency definition sets standards allowing for unincorporated communities within the same geographic region that can collectively meet the 5,000 person threshold to switch from depot collection to curbside collection. We have submitted a report to the Ministry for review with our recommended approach. Nonetheless, we recognize that this amendment represents a significant additional cost burden at a time when businesses simply cannot afford more.

b. Streetscape

In Recycle BC’s original Program Plan, we agreed to take on streetscape “subject to successful proof of concept”. The Ministry approved this Program Plan in 2014, thus approving this stipulation. We are asking the Ministry to honour this agreement and take into the consideration the work Recycle BC has done to explore the potential of streetscape as a viable means of collecting material.

Recycle BC has partnered with local governments three times to study the efficacy of streetscape collection. Further, at the urging of the Ministry, Recycle BC conducted a series of roundtable discussions with 31 local governments across the province last year to study their streetscape collection methods and results, in an effort to comply with the Ministry’s amendment.

Unfortunately, despite extensive roundtable discussions and repeated requests from Recycle BC to the local governments for information such as program collection and processing costs, collection tonnage and end-of-life disposition, local governments provided very limited data. As a result, Recycle BC has not received sufficient information upon which to base a financial incentive for streetscape.

This lack of necessary data makes the preparation of a proposal to include streetscape under full responsibility a matter of guesswork. The result of such an effort would be that the program will



be exposed to allegations of greenwashing, negatively affecting the reputation of the program and diminishing the confidence that all BC residents have shown to date.

In our view, the Ministry should support evidence-based approaches to recycling and comply fully with the Clean BC plan. Right now much of the packaging and paper product collected through streetscape programs by local governments is extremely contaminated and the results of the feedback we received showed that in some municipalities as much as 100% of the materials collected through streetscape are sent to landfill. Indeed, most materials are transferred to landfill and, on average, local governments recycle only a very small amount. This represents an unacceptably high greenhouse gas emission-intensive process, as a very small volume of materials is transported to multiple locations only to end up in landfills. This is certainly not aligned to the *Clean BC* strategy.

Based upon all of this information, it is clear that streetscape currently has no proven net-positive environmental outcome. As a result, Recycle BC cannot proceed with this amendment.

c. Multi-family awareness and service

The Statutory Decision Maker acknowledges in his letter dated June 28, 2019 that Recycle BC's submitted Program Plan "does address a comprehensive means to increase consumer awareness in this sector, and demonstrates a 4% increase from 2017-2018 in multi-family households served." However, this amendment imposes new obligations upon the program that did not exist previously, specifically, the imposition of channel-specific targets. Like all of the aforementioned amendments, this one adds significant costs to Recycle BC's operations with very little impact on recovery and environmental performance.

Conclusion

I have shared a lot of information with you in this letter and I want to thank you for taking the time to review and consider the above comments.

The Ministry, through its regulation, has positioned BC to be a leader for years to come. And yet this leadership is not without its consequences. While sustainability is at the core of everything Recycle BC does, the reputation of our program is now under threat due to ever-escalating costs with limited changes to program performance. The impact of these cost pressures are magnified by the COVID-19 pandemic.

The Province of BC designated recycling an essential service during the COVID-19 pandemic, and Recycle BC has been singularly focused on ensuring the collection and responsible processing of materials throughout this crisis to the greatest extent possible. Further, in the midst of this



pandemic, we launched a new complicated post-collection network that will ensure more of the materials we collect will be processed here at home.

Recycle BC has proven itself to be the standard bearer for full producer responsibility. Thanks to this program, British Columbians can recycle more residential packaging and paper products than anywhere in Canada and they can feel confident that it will be recycled.

As the Province continues with its BC Restart program, I am asking you today to provide relief to our program by postponing all of the amendments we have discussed above so as to ensure we can continue to provide this essential service to the residents of BC for years to come. We would also welcome the opportunity to enter into conversations with your staff on the long-term viability of some of these amendments in order to ensure the continuing success of the program.

As you consider this request, please let me know if you have questions or comments and, if you would like to discuss any aspect of the above details, please do not hesitate to contact me.

Thank you in advance for your consideration.

Yours sincerely,

John D. Coyne

CC:

Kris Ord, Executive Director, Ministry of Environment and Climate Change Strategy

Bob McDonald, Director, Ministry of Environment and Climate Change Strategy

Teresa Conner, Unit Head, Ministry of Environment and Climate Change Strategy

Tamara Burns, Senior Vice President, Recycle BC

David Lefebvre, Director, Public Affairs, Recycle BC



Reference: 359371

August 27, 2020

John D. Coyne
Board Chair, Recycle BC
405-221 West Esplanade
North Vancouver, BC V7M 3J3

Dear John Coyne:

Thank you for your letter on July 14, 2020, regarding the request for relief on the director's amendments to Recycle BC's (RBC) Packaging and Paper Product Extended Producer Responsibility (EPR) Plan (the "plan").

As per your letter, you are seeking relief on the director's amendments that are due August 31, 2020 and August 31, 2021. These amendments were to address concerns related to producers paying the costs (cost study) and reasonable and free consumer access to collection (curbside equivalency definition and adjacency criteria, streetscape and multi-family awareness and service). The plan was approved with director's amendments on June 28, 2019 (#345241) to address concerns that some aspects of the plan were not meeting the regulatory requirements under the Recycling Regulation (regulation).

Through further engagement with RBC staff, the request for relief has been refined to have the postponement of director's amendments for curbside equivalency definition and adjacency criteria, streetscape and multi-family awareness and service by one year from the original due dates; however, the producers paying the costs director's amendment will be required to be submitted by September 15, 2020, due to the timing of this letter, with phased implementation timelines.

Under the regulation, the director has the ability both to amend an approved EPR plan on their own initiative, and to approve amendments to an approved plan that have been proposed by a producer.

We understand the hardship on many of RBC's member producers, from the COVID-19 pandemic and that it has resulted in significant impacts to the RBC program. The extension of the submission dates for the amendments are being given due to the current economic climate, brought on by COVID-19 and the direct impacts it is having to the RBC program and membership e.g. producers responsible for funding program directly, not through eco fees charged to consumers.

.../2

I have completed my review and make further amendments to the submission dates in the approved plan, as described below:

- Producer paying the costs due August 31, 2020 is replaced with September 15, 2020;
- Curbside equivalency definition due August 31, 2020 is replaced with August 31, 2021;
- Streetscape due August 31, 2020 is replaced with August 31, 2021;
- Multi-family awareness and service due August 31, 2020 is replaced with August 31, 2021; and
- Adjacency criteria due August 31, 2021 is replaced with August 31, 2022.

As RBC is aware, there are multiple phases of the approval process for plans and amendments. At this time, this approval is for extension on submission dates for the amendments due to the director only. It is also recognized that due to the coinciding of COVID-19 and the amendment due dates, stakeholder consultation on deferral of the amendments was not possible.

While the timeframes for submissions of some amendments are extended, the ministry expects RBC to continue working towards their completion. The ministry requires RBC to provide the ministry with a regular progress report on the development of amendments and anticipated implementation timing of those amendments. The ministry encourages RBC to submit amendments before due dates, where feasible, and the progress report will assist in identifying when early submission is feasible. Please be advised that I will continue to closely monitor the situation and may reconsider these extensions should circumstances warrant further amendments.

Finally, the ministry expects this approval letter to be forwarded to RBC's board of directors as well as its member producers, since each producer is responsible for ensuring its agent fulfills the plan, and compliance proceedings may be taken against a producer if the agent fails to implement the plan

Right to appeal

If you disagree with this decision, Division 2 of Part 8 of the *Environmental Management Act* provides for appeal of my decision to the Environmental Appeal Board (EAB). In accordance with the *Act* and with the Environmental Appeal Board Procedures regulation, the EAB must receive notice of the appeal no later than 30 days after the date you receive this decision

I look forward to working with you to ensure the success of your program. If you have any questions about this letter, please contact me at 250-953-4004 or ExtendedProducerResponsibility@gov.bc.ca. If you have any questions regarding the implementation of your plan, or suggested opportunities for improvement, please contact your ministry file lead.

Thank you again for writing and making us aware of the concerns that RBC has during these extraordinary times.

Sincerely,




.../3

Laurel Nash
Assistant Deputy Minister
Environmental Protection Division

Cc: Kris Ord, Executive Director, Environmental Standards Branch
Bob McDonald, Director, Extended Producer Responsibility Section
Teresa Conner, Unit Head, Extended Producer Responsibility Section
Leeanne Fraser, Ministry file lead, Extended Producer Responsibility Section



Received
Tue 8/31/2021 12:56 PM 

CLIFF #381721
eApproval 11123

August 27, 2021

Tamara Burns
Executive Director Western Canada
Recycle BC
171 Esplanade West, suite 230
North Vancouver, BC V7M 3J9

Dear Tamara Burns,

Thank you for submitting the July 17th, 2020 Packaging and Paper Product Cost Study and the August 31, 2020 Financial Incentive Review Consultation Report in fulfillment of the requirements of Section 5(1)(b), (c)(i) and (vi) of the Recycling Regulation (the regulation) made under the *Environmental Management Act*.

The ministry's Extended Producer Responsibility section engaged financial experts in the Corporate Services for the Natural Resource Sector Branch to assist with the review of the cost study and to create a checklist to be used when assessing the completeness of such studies. I thank you for your patience while we have worked to develop this process to ensure rigour in our review that is a fair and equitable way to evaluate all program steward submissions.

The Producers Paying the Cost of Managing Obligated Materials and Dispute Resolution guidance document was used as the basis for assessing the completeness of the cost study. I have completed my review of the cost study and consultation summary related to stakeholder compensation and I am satisfied they meet the requirements of the regulation. It is noted that your dispute resolution procedures were already approved during the review of your 2019 Packaging and Paper Product Extended Producer Responsibility Plan.

Specifically, I have been satisfied of the following:

- The producer has undertaken satisfactory consultation with stakeholders and has provided opportunity for stakeholder input in the implementation and operation of the extended producer responsibility program;
- The cost study adequately provides for the producer collecting and paying the costs of collecting

and managing products within the product category covered by the plan; and

- The described procedure for dispute resolution between a producer and person providing services related to the collection and management of the product during implementation of the plan or operation of the extended producer responsibility program is adequate as per your approved 2019 Plan.

Thank you for your efforts on this plan amendment and I appreciate the industry's continued commitment to achieving compliance in this regard.

Sincerely,



Laurel Nash
Assistant Deputy Minister
Environmental Protection Division

cc: Sonya Sundberg, Executive Director, Environmental Standards Branch
Bob McDonald, Director, Extended Producer Responsibility Section
Tim O'Rourke, Ministry file lead, Extended Producer Responsibility Section



Recycle BC

Producers Paying the Costs

Packaging and Paper Product Extended Producer Responsibility Plan
Amendment

September 2021

Contents

Introduction	3
Amendment Details	3
2.1 Amendment Contents	3
2.2 Next Steps	4
Amendment	4

Introduction

During development of Recycle BC's second five-year Program Plan, the B.C. Ministry of Environment and Climate Change Strategy (the Ministry) required Recycle BC to conduct an additional cost study in 2020 (over and above the 2018 cost study) and to have cost studies overseen by the Recycle BC Advisory Committee. These two new requirements were written into Recycle BC's program plan when submitted in June 2019 for approval.

In the director's plan approval letter of June 28, 2019, the Ministry imposed amendments to the plan which were to be met in accordance with the deadlines requested by the director. Regarding *Producers paying the costs*, he required that Recycle BC propose amendments to the plan that demonstrated this by August 31, 2020.

Recycle BC received a second director's letter on August 31, 2020 making further amendments to the submission dates in the approved plan. The director's amendment related to producers paying the costs was now required to be submitted by September 15, 2020 with phased implementation timelines.

Recycle BC has completed the activities required for this amendment and is submitting an amendment pertaining to Sections 4.3.1, 4.3.2 and Appendix B of the plan to the Ministry for their approval.

Amendment Details

The amendment adds, revises or replaces language within Recycle BC's published program plan in the three applicable sections: Sections 4.3.1, 4.3.2 and Appendix B, as noted in the amendment itself.

The amendment provides the reader with documentation that Recycle BC performed the 2020 financial incentive review, including a cost study, as per the methodology in its program plan. Recycle BC consulted on the financial incentive payment methodology, including the cost study, solicited feedback which was addressed, and provided the basis for compensation to collectors. Specific contract change details with dates based on the phased implementation timelines is also contained in the amendment to show how adjustments will be applied.

The amendment, once approved by the Ministry, will be published in a companion document to the program plan. This companion document will hold all future amendments to the June 2019 plan in one place for ease of reference. All links contained in the amendment will be active upon publishing.

2.1 Amendment Contents

The amendment contains the following:

- References directing readers to key related documents,
- An explicit reference to explain the 2020 cost study was an additional requirement,
- Documentation that Recycle BC completed all activities for a financial incentive review as outlined in its program plan, specifically:
 - 2020 Collection Cost Study
 - Financial Incentive and Payment Methodology
 - Financial Incentives Review, July 2020
 - Published Q & A

- Financial Incentives Review Consultation Report
- Specific contract change details with dates based on the phased implementation timelines,
- Revised timing for future financial incentive reviews including cost studies, and
- Updated summary of performance measures in the applicable section.

2.2 Next Steps

The amendment for producers paying the costs was approved by Recycle BC's Board of Directors at its September 11, 2020 meeting. Within 30 days after approval of this amendment by the Ministry, Recycle BC will publish this amendment on its website, advise its stakeholders, and communicate directly via email to its collectors.

Amendment

The following amendment pertains to Sections 4.3.1, 4.3.2 and Appendix B of Recycle BC's Packaging and Paper Product Extended Producer Responsibility Plan dated June 2019.

Amendment:

Recycle BC's Packaging and Paper Product Extended Producer Responsibility Plan, Revised June 2019 now includes the following additional language in the sections as noted:

4.3.1 Process for establishing financial incentives for collection

For the 2019 program plan, Recycle BC was required as per the director's letter¹ to conduct an additional cost study in 2020, consult and adjust collector compensation based on the results of the financial incentive review process. This requirement was outside of Recycle BC's typical process for establishing financial incentives for a contract term for collection services.

4.3.2 Methodology to prepare revised financial incentives

At the time of this amendment, Recycle BC has completed its process for reviewing its financial incentive payments, including the 2020 additional cost study, as outlined in this section. The documentation of the completed cost study and consultation process is available on the Recycle BC consultation webpage² as follows:

- Collection Cost Studies
 - 2020 Collection Cost Study
- Financial Incentive and Payment Methodology
 - Financial Incentives Review, July 2020 (webinar presentation and recording)
 - Q & A (document)
 - Financial Incentives Review Consultation Report

This amendment revises the activities following the publication of the consultation report as follows:

- Q3 2020 – prepare adjustments to financial incentive rates, as a result of the financial incentive review for depot collectors, for inclusion in 2021 steward fees,

¹ link to director's letters

² [Recycle BC consultation webpage](#)

- Q4 2020 – amend existing collection contracts to reflect new fees payable to depot collectors for July 1, 2021 effective date,
- Q2 2021 – update sample collection contracts with new financial incentive rates and publish on Recycle BC’s website³,
- Q3 2021 – prepare adjustments to financial incentive rates, as a result of the financial incentive review for curbside and multi-family collectors, for inclusion in 2022 steward fees,
- Q4 2021 – amend existing collection contracts to reflect new fees payable to curbside and multi-family collectors for July 1, 2022 effective date.

This amendment replaces this section:

The current contract term for collectors expires December 31, 2023, and in 2022 Recycle BC will once again follow the methodology outlined in this Program Plan to prepare revised financial incentives.

With the following section:

The current contract term for collectors expires December 31, 2023 and Recycle BC may extend the Statements of Work for up to two further periods of one year each. At the close of the contract term, or in 2025 latest, Recycle BC will once again follow the methodology outlined in this Program Plan to prepare revised financial incentives.

Within 30 days after approval of this amendment by the B.C. Ministry of Environment and Climate Change Strategy, Recycle BC will publish this amendment on its website⁴ and communicate the amendment to its collectors directly via email.

Appendix B – Summary of Performance Measures

The first chart section, Recovery Targets, is revised through this amendment by replacing the top row’s language with the following:

- 2020 – Conduct a curb, multi-family and depot cost study, overseen by the Advisory Committee, as part of a financial incentive review process.
- 2021 – While continuing to maintain performance target and reporting as outlined in Appendix B, Recycle BC will implement depot collection terms effective July 1, 2021.
- 2022 – While continuing to maintain performance target and reporting as outlined in Appendix B, Recycle BC will implement curbside and multi-family collection terms effective July 1, 2022.

³ <https://recyclebc.ca/collectors/prospective-collectors/>

⁴ link to amendment document