

Utilities & Environmental Protection Report to
SPC on Utilities and Corporate Services
2020 March 18

ISC: UNRESTRICTED
UCS2020-0247

Alberta Collaborative Extended Producer Responsibility Study Report

EXECUTIVE SUMMARY

Administration is reporting back on Notice of Motion C2019-0129 regarding Extended Producer Responsibility (EPR), as directed at the 2019 February 4 Combined Meeting of Council. The Alberta Collaborative Extended Producer Responsibility Study (ACES) was a collaborative effort funded by the Cities of Calgary and Edmonton, the Alberta Urban Municipalities Association (AUMA) and the Canadian Stewardship Services Alliance (CSSA). A further 35 Alberta municipalities supported the ACES work by either passing motions, writing letters of support or supplying data to inform the study. The AUMA and RMA have both passed motions supporting EPR at their most recent conventions.

The ACES report provides baseline information about recycling programs in urban and rural Alberta municipalities, and the possible impacts to stakeholders of an Extended Producer Responsibility (EPR) regulatory framework in Alberta. The ACES report confirms that EPR can save taxpayer dollars, reduce waste, and attract jobs and investment to Alberta. Alberta municipalities spent approximately \$107 million in 2018 collecting and marketing 197,000 tonnes of packaging and paper products (PPP). With an EPR framework in place in Alberta, that cost would be partially or wholly shifted to producers. The implementation of EPR in Alberta could mean that residents of Calgary could see Blue Cart fees reduced or eliminated, potentially reducing costs for every single-family household in Calgary by up to \$100 each year.

ADMINISTRATION RECOMMENDATION:

That the Standing Policy Committee on Utilities and Corporate Services recommends that Council reaffirm its support for Extended Producer Responsibility (EPR) and direct Administration to continue advocating for EPR in collaboration with other Alberta municipalities, industry and affected stakeholders.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2019 February 4, Council approved Notice of Motion C2019-0129 (Attachment 1) and directed Administration to cooperate with other Alberta municipalities, AUMA, producers and recyclers of packaging and paper products, and the Province of Alberta to develop a baseline that can inform the design of a provincial EPR program by researching:

- The benefits, challenges, and risks of an EPR program in Alberta for these groups and their constituents; and
- The current recycling systems and supply chains across the province, and potential impacts of an EPR program in Alberta.

Administration was directed to report back on this work through the Standing Policy Committee (SPC) on Utilities and Corporate Services (UCS) no later than 2019 October. On 2019 October 16, the SPC on UCS approved a Deferral Request for this report to January 2020 (UCS2019-1303). On 2019 January 29, the SPC on UCS approved a Deferral Request for this report to March 2020 (UCS2020-0150).

BACKGROUND

Waste & Recycling Services invited a group of municipalities, not-for-profit organizations and industry representatives to guide the development of the baseline study requested by Council. A

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Governance Committee and Project Team were created to oversee ACES. The Governance Committee and Project Team consisted of representatives from:

- The City of Calgary (funding partner)
- The City of Edmonton (funding partner)
- The Alberta Urban Municipalities Association (funding partner)
- The Canadian Stewardship Services Alliance (funding partner)
- The City of St. Albert
- The Town of Whitecourt
- The Rural Municipalities of Alberta (RMA)
- Alberta Ministry of Environment and Parks

The Project Team selected the project consultant and managed their work to ensure ACES included the full scope of information required.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The full ACES report is included as Attachment 2. Highlights of study findings are as follows:

- Alberta municipalities spent approximately \$107 million in 2018 collecting and marketing 197,000 tonnes of packaging and paper products (PPP). An EPR framework in Alberta, would partially or wholly shift that cost to producers.
- Producers are already financially responsible for managing PPP at end of life in many other Canadian provinces. Given many of the largest producers price their products nation-wide, the costs of recycling PPP in other provinces is included in the price of products purchased in Alberta. If Alberta recycling costs shifted to consumers, the increase would be shared by consumers across Canada. Instead of subsidizing recycling elsewhere, Alberta would benefit from producer funded and managed recycling programs.
- A future EPR framework in Alberta should allow The City of Calgary and all Alberta municipalities the flexibility to continue to provide PPP services complementary to garbage and organics services.
- Future provincial EPR regulations should ensure that a producer funded and managed recycling system is easy for residents to use and understand, and is convenient, consistent and equitable across the province, including ensuring the same PPP materials are collected and recycled across the province.
- Responsibility for collection, post-collection and processing should be transferred to producers, empowering them to take responsibility and control of the end-of-life management of the PPP that they supply into the marketplace, thereby protecting municipalities from material risk.
- It should also ensure that producers that supply quantities of PPP below an established threshold (small businesses) in Alberta are exempted from regulation, ensuring they are not unfairly affected by EPR.

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Stakeholder Engagement, Research and Communication

Thirty-five Alberta municipalities supported ACES work by either passing motions, writing letters of support or supplying data to help develop the baseline information. The AUMA and RMA have both passed motions supporting EPR at their most recent conventions. The ACES consultant engaged Alberta's urban and rural municipalities, First Nations representatives and industry representatives. The ACES Governance Committee has delivered this report to the Government of Alberta to inform their work on recycling.

Strategic Alignment

Pursuing EPR provides an opportunity to improve the performance of recycling programs across Alberta, and reduce costs to municipal taxpayers, contributing to the 2019 – 2022 Citizen Priorities of a Healthy & Green City and a Well-Run City.

Social, Environmental, Economic (External)

Triple bottom line benefits were determined as part of the future state vision of EPR in Alberta. It is estimated that an additional 21,000 tonnes of PPP would be recycled, increasing the total tonnes recycled to 184,000 annually. It is also estimated that \$4.7 million of disposal and collection costs would be avoided, reducing costs of managing recycling programs. About 219 full-time equivalent (FTE) direct, indirect and induced jobs would be created, resulting in a total of 1,581 jobs as a result of recycling PPP through EPR in Alberta. Finally, an additional 71,900 tonnes of carbon dioxide equivalent (CO₂e) emissions would be avoided, comparable to taking 15,000 passenger vehicles off the road annually. Most importantly, the \$107 million currently being spent annually to manage the collection and processing of PPP will no longer be borne by municipalities and rate payers. The implementation of EPR in Alberta could mean that residents of Calgary could see Blue Cart fees reduced or eliminated, potentially reducing costs for every single-family household in Calgary by up to \$100 each year.

Financial Capacity

Current and Future Operating Budget:

Waste & Recycling Services' current operating budget to collect and manage PPP in Calgary is approximately \$35 million annually. EPR regulation would materially reduce Blue Cart program costs, potentially eliminating Blue Cart fees for single-family households.

Current and Future Capital Budget:

No impact has been identified with respect to this report.

Risk Assessment

The risks and costs for The City of Calgary to collect and manage PPP has increased along with the volatility of global recycling markets over the past several years, and it is expected that these market conditions will continue. Transferring the responsibility for managing PPP and empowering producers with economic incentives and flexibility to establish effective and efficient PPP recycling services in Alberta will decrease risks borne by The City of Calgary.

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REASON(S) FOR RECOMMENDATION(S):

ACES was a collaborative effort funded by The Cities of Calgary and Edmonton, the Alberta Urban Municipalities Association and the Canadian Stewardship Services Alliance. The final report was approved by the ACES Governance Committee. EPR continues to be a high-value target for advocacy because of the economic and environmental benefits it would provide to Calgarians and Albertans.

ATTACHMENT(S)

1. Attachment 1 – Notice of Motion C2019-0129
2. Attachment 2 – Extended Producer Responsibility for Residential Packaging and Paper Products - Alberta Collaborative Extended Producer Responsibility Study
3. Attachment 3 – 2017 Producer Funding Obligations in EPR Jurisdictions in Canada
4. Attachment 4 – Presentation