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Information item No.2
Environment & Sustainability Standing Committee
September 8, 2016

MEMORANDUM

TO: Chair and Members of the Environment and Sustainability Standing Committee
CC: Matt Keliher, Manager, Solid Waste; Phoebe Rai, Legislative Assistant
FROM: Laurie Lewis, Program Manager – Policy and Outreach, Solid Waste
DATE: August 30, 2016
SUBJECT: **Solid Waste Regional Chairs Committee Update**

Meetings of Regional Chairs were held on June 24th, July 8th and 22nd.

These meetings have been held with urgency and focus on financial issues as a result of declining funds from Divert NS, no plan for EPR legislation and the impact this may have on sustaining some Municipal/Waste Authority Solid Waste Management programming. Regional Chairs issued correspondence to Premier McNeil, attached dated July 14th, 2016 to request short term bridge funding and to move forward with EPR as a long term funding model. Chairs identified a shortfall of \$ 1.2 million in diversion credit funding and requested this be provided in the form of short term bridge funding.

A special meeting of Chairs followed on July 22nd with NSE officials Deputy Minister Frances Martin, Executive Director Andrew Murphy and Minister Miller's Executive Assistant in attendance. Correspondence from Minister Miller dated July 21st was also delivered at the meeting in response to the Chairs request to the Premier for funding. A copy of the July 21st communication is attached. Officials confirmed at this meeting and as noted in the letter that NSE are seeking to partner on a municipally led project to independently examine how the current system could be made more efficient and less costly through a province-wide approach.

A motion was passed at the July 22nd Chairs session and letter sent to Minister Miller to confirm that Chairs will collaborate on a study of the Solid Waste Management system that will move towards full EPR regulation. Chairs tasked the Regional Priorities Group to discuss working towards development of a terms of reference for this study. This next Priorities meeting is slated for August 30th.

Chairs request for short term funding of \$ 1.2 million was still outstanding and under consideration by the Provincial Treasury Board.

Solid Waste

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**Nova Scotia Solid Waste-
Resource Management
Regional Chairs Committee**

PO Box 639
Mahone Bay, NS
B0J 2E0

CHAIR:

Richard Dauphinee

VICE CHAIR:

Leland Anthony

SECRETARY:

Valda Walsh
Coordinator – Region 6

TREASURER:

Gus Green
Manager – Region 7

REGION 1:

Jim MacLeod

REGION 2a:

Vernon Pitts

REGION 2b:

Ron Baillie

REGION 3:

John Kellegrew

REGION 4:

Jennifer Watts

REGION 5:

Mark Pearl

REGION 6:

Richard Dauphinee

REGION 7:

Leland Anthony

Premier Stephen McNeil
7th Floor, One Government Place
PO Box 726, Halifax, NS, B3J 2T3

July 14, 2016

SENT HIGH IMPORTANCE VIA:

Email: PREMIER@novascotia.ca

Fax: (902) 424-7648

Dear Premier McNeil,

RE: Bridge Funding and Extended Producer Responsibility (EPR)

Nova Scotians are justifiably proud of our waste management system, considered one of the best in the world. Although provincial government policy and regulation have played an important part in this success, by far most of the day-to-day work and the major costs of turning these policies and regulations into action are borne by the municipal property taxpayer.

This letter is being sent at the request of the Nova Scotia Solid Waste-Resource Management Regional Chairs (Terms of Reference attached) following a meeting on July 8th. It was requested through conversation with the Department of Environment to submit some background to a request for 'Bridge Funding' and action on Full Extended Producer Responsibility (EPR).

Municipal waste management costs/declining funds

Servicing environmental health in our municipalities is among the top four costs for every unit. Garbage and waste collection and proper disposal comprise 75% of the environmental health services. In 2004/05 when second generation landfills were mandated, the total cost for NS municipalities was \$72,098,138 to collect, market, process or dispose of the material according to the Solid Waste-Resource Regulations¹. At that time 8.54M was received in funding support for diversion programs – nearly 12% of the total cost. In 2015, that same service cost NS municipalities \$131,358,206; (45% of which is to manage the materials not going to landfill) **an 82% increase**. While support for diversion programs was relatively stable at 8.17M it is now only 6% of the overall cost². Municipalities are required by legislation to balance our budgets, the revenue is typically announced after our budget is set and often less than anticipated. This circumstance requires municipalities to reduce services somewhere in the budget to make up the difference.

¹ Source: Annual Report of Municipal Statistics;

<http://novascotia.ca/dma/finance/profile.asp>

² NSE datacall and DivertNS Annual Reports

Municipal cost controls:

Despite several efforts to reduce costs and maintain an efficient system the overall cost to manage waste continues to climb. Some costs, such as fuel in the hauling of materials, or market conditions for the sale of resources, is beyond our control. Within our control, municipalities continue to reduce program costs and are working together among Regions to share services as noted below:

- Chester and East Hants contracts with Halifax for recycling services.
- Valley Waste partners with Chester for landfill services
- Yarmouth , Digby, Shelburne and Barrington all contract with Queens
- Lunenburg Community Recycling Centre closed the Material Recovery Facility and now transfer recyclables to a Kentville private sector operation.

Regarding the Lunenburg plant closing, Councillor Frank Fawson was quoted “Municipal councils have to balance the idea of local economic development against the cost of upgrading a plant that is now out of date.” Council make decisions to help improve efficiency and reduce costs. In the very near future, new requirements on organics’ operations will bring increased operational costs – and potential for more cuts to programs or services to pay for this necessary change.

Long term sustainability of the system:

Given the model we operate within, the increasing demand for further environmental goals and protection and the lack of EPR for the bulk of the materials we manage, we have 2 choices to pay for the system; tip fees (paid primarily by businesses and other agreements) and municipal property taxes.

EPR has been agreed on by the Environment Ministers across our county as the reasonable option to shift the responsibility of certain materials to the producers to provide incentives which will reduce overall waste associated with their product. It is also understood that EPR can bring anywhere from \$14M - \$16M (based on programs that are well underway elsewhere in Canada). This could offset the current total cost by 10-12% (remembering that diverting this waste in accordance with our regulation is responsible for 45% of our costs). A significant increase over the decreasing grants we get under the current model.

It is not unreasonable to expect some leadership from our government on this initiative to sustain the long-term viability of our integrated waste management system.

Requesting Action:

1. Municipalities are urgently requesting short term **bridge funding** until full EPR can be fully implemented. With the recent announcement of diversion credits at an all-time low of \$2.8M (compared to the annual average of \$4.15M) many units will be faced with the job to balance our already set budgets with this new reduction in expected revenue. **We meet again on July 22 at the East Hants Municipal Building and would welcome a response from your office on a request for some bridge funding in time for this meeting.**
2. On the long term viability and overall costs of our programs; we would like to work with you to identify current efficiencies and establish parameters around a **'Made in Nova Scotia' Full EPR Model**. Understanding Full EPR regulation can take time (3 years minimum) before the benefits can be realized, we can convene over costs and required bridge funding annually (June 30, 2017, June 29, 2018, June 28, 2019) to discuss needs at that time in anticipation of EPR in full swing before June 2020.

Regional Chairs have been meeting frequently to try to resolve this stressful situation. You can call me directly at 902-790-1608 to discuss or send communication through your Minister of Environment - as we have been in regular contact on this issue lately.

I look forward to your response.

Respectfully,

per Richard Dauphinee
Chair – Regional Chairs

cc. Honourable Margaret Miller
Honourable Zack Churchill
Mayor Cecil Clarke – UNSM President



Environment
Office of the Minister

PO Box 442, Halifax, Nova Scotia, Canada B3J 2P8 • www.novascotia.ca/nse

JUL 21 2016

Our File No.:
10700-40-49830

Richard Dauphinee, Chairman
Nova Scotia Solid Waste-Resource Management
Regional Chairs Committee
PO Box 639
Mahone Bay, NS B0J 2E0

Dear Mr. Dauphinee:

RE: Welcome/Introduction to Regional Chairs and Support for EPR

Thank you for meeting with the Department on May 11, 2016 and again on June 23, 2016 to discuss various funding related issues faced by municipalities. I appreciate the frank and open dialogue. I would like to respond formally to the various items that have been discussed.

Enforcement Funding:

Compliance and enforcement and the support provided by Divert Nova Scotia, is an important part of our solid waste system. I am pleased to advise that the Department will be able to grant your request to reinstate the \$70,000 in funding that was lost from Divert Nova Scotia's budget. We will coordinate with Divert Nova Scotia to implement the funding reinstatement. We cannot commit at this time to future years.

Education Funding:

Education of our citizens provides important information about how to participate in the solid waste system. While we are unable to fulfil your request for funding, we are prepared to work with you to find other ways to assist. I have asked Andrew Murphy in my department to arrange a meeting with Valda Walsh and our communications team to discuss whether there are new ways of achieving education and awareness outcomes through a more collaborative approach.

Illegal Dumping:

We recognize that illegal dumping is a challenge faced across Nova Scotia and that we all have a role to play in finding solutions. To that end I have asked Janet MacKinnon with our Inspection Compliance and Enforcement division to arrange a discussion with Valda Walsh to discuss how the Nova Scotia Environment can be more consistent and coordinated in responding to illegal dumping concerns. Through collaboration and a province-wide approach we can explore how to reduce illegal dumping in an efficient and effective manner.

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Diversion Credits:

The Province appreciates the hard work and financial challenges experienced by municipalities in delivering solid waste services. However, reinstating diversion credits to \$4 million for 2016-17 would only increase funding by about \$1.2 million. This represents less than 1 per cent of municipal spending on solid waste in Nova Scotia. We would like to work with Regional Chairs to find solutions but they must result in a more sustainable system.

Financial Challenge:

The department appreciates the financial concerns. Before the Province can consider providing assistance, we would need to have a better understanding of the cost challenges and see an independent examination of opportunities for the reduction of costs.

There is some evidence that opportunities do exist to reduce costs, by consolidating infrastructure and collaborating on operations. For example, in British Columbia, there is one material recovery facility to service a much bigger province. In Nova Scotia, we have nine. We need to examine the bigger picture.

If there is interest from municipalities, Nova Scotia Environment would be prepared to partner on a municipally led project to independently examine how the current system could be made more efficient and less costly through a province-wide approach. Such a study could be a first step toward evolving our solid waste system to make it more cost effective. Once there is a clear understanding of the problem, we are prepared to work with you towards solutions.

It is also clear that there is a lack of sufficient support from stakeholders to move forward with extended producer responsibility for paper/packaging and other end of life products. Municipalities need to take the lead in building a business case and creating the conditions for success. This work includes bringing forward a detailed, consensus-based proposal to government for consideration. The proposal must include

- Demonstrated consensus amongst municipalities — large and small, urban and rural - and support from UNSM
- A demonstrated consensus between municipalities and small and large businesses
- Low or no impact to small business
- Sufficient detail in order for the Province to consider public policy impacts
- Maintenance of the environmental performance of the current system while containing or reducing cost, and
- Consistency with other programs across the country

Richard Dauphinee
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NSE will work with you as a collaborative partner to find solutions that will allow Nova Scotia to continue to be a leader in waste resource management. I appreciate your efforts to date and I look forward to continued dialogue on these important issues.

Sincerely,

Original Signed

Margaret Miller, MLA
Minister of Environment

C: Minister Zach Churchill
Mayor Cecil Clarke, President UNSM
Deputy Minister Frances Martin
Valda Walsh, Coordinator Regional Chairs
Adrian Fuller, Executive Director NSE
Janet MacKinnon, District Manager
Andrew Murphy, Executive Director NSE
Chuck McKenna, Manager NSE

bc: