



**STAFF REPORT
ACTION REQUIRED**

Options to Reduce the Use and Disposal of Plastic Shopping Carryout Bags in Toronto

Date:	June 4, 2013
To:	Public Works and Infrastructure Committee
From:	General Manager, Solid Waste Management Services
Wards:	All
Reference Number:	P:\2013\Cluster B\SWM\June\008PW (AFS#16866)

SUMMARY

This report responds to City Council’s direction to review a range of measures to reduce the use and disposal of plastic shopping carryout bags in Toronto. The report includes stakeholder comments, the results of a public opinion survey and a staff summary on the benefits and implications of different options to reduce plastic shopping carryout bags.

RECOMMENDATIONS

The General Manager, Solid Waste Management Services, recommends that:

- 1. The Public Works and Infrastructure Committee receive this report for information.**

Financial Impact

It is expected that a promotional and educational campaign budget in the range of \$0.300 - \$0.400 million will be appropriate to support the staff recommendation of a comprehensive education and communication plan as the course of action. Ongoing public education will be required to continue to stress to shoppers that reusable carryout containers are the best option and that plastic bags should be used only if necessary. When plastic bags are accepted by the consumer, they should be reused before ultimately being recycled in the Blue Bin. Funding for this initiative is available in the 2013 Operating Budget for Solid Waste Management Services, from Cost Centre SW0703 (Waste Diversion and Planning) Cost Element 4414 (Advertising & Promotion). An additional \$0.300 million would be identified in the 2014 budget.

The City may be able to recover some or all of these costs through negotiations and/or collaboration with various industry stakeholders such as the plastics industry, retailers, associations and stewards.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on November 27, 28 and 29, 2012, City Council adopted Recommendation 1 contained in the Confidential Attachment 1 to the report (November 23, 2012) from the City Solicitor (PW19.1b) that resulted in the City subsequently entering into a court-approved agreement to quash Part 2 in Council Decision EX 20.2 from the June 6, 2012 meeting that had imposed a ban on single-use plastic bags beginning in January 2013. Also at the November 27, 28, and 29, 2012 meeting, City Council adopted a motion that directs City staff to report to back Public Works and Infrastructure Committee on options to reduce the use and disposal of plastic carryout shopping bags, and the benefits and implications of each option.

The City Council Decision document (Item PW19.1 By-law to Enact City Council's Decision to Prohibit Single-Use Plastic Carryout (Shopping) Bags, and Industry Comments on the Draft By-law and Implementation Plan) can be viewed at: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.PW19.1>

At its meeting on October 2, 3 and 4, 2012, City Council deferred consideration of Item CC26.1, the City's Solicitor's report regarding Part 2 in Council Decision EX 20.2 from the June 6 2012 meeting imposing a ban on single-use plastic bags beginning in January 2013. Also at this meeting, City Council adopted a motion to direct Solid Waste Management Services to consult industry stakeholders on a draft by-law that the City Solicitor was directed to prepare to enact Part 2 in City Council's June 6, 7 and 8, 2012, decision to prohibit retailers from distributing single-use plastic carryout (shopping) bags. The report back to Public Works and Infrastructure Committee is to include an implementation plan and the feedback from consultations.

The City Council Decision document can be viewed at <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.CC26.1>

At its meeting on June 6, 7 and 8, 2012, City Council's (EX20.2 – Voluntary Contributions of Plastic Bag Fee Proceeds) decision rescinded the mandatory 5-cent fee and adopted a motion to impose a ban on single-use plastic carryout shopping bags. At this meeting, Council also enacted a by-law to implement Part 1 of the decision concerning the rescinding of the fee. As noted above, Part 2 concerning the ban was subsequently overturned by the court.

The City Council Decision document can be viewed at: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX20.2>

At its meeting on December 1, 2 and 3, 2008, City Council adopted PW201 – Proposed Measures to Reduce In-Store Packaging Waste and Litter, Municipal Hazardous and Special Waste and Plastic Water Bottles.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2008.PW20.1>

ISSUE BACKGROUND

In 2007, City Council approved the Target 70 plan that outlined a series of waste diversion initiatives. The initiatives are based on a 3Rs approach (Reduce, Reuse, Recycle) to divert waste from landfill. As part of the plan, Solid Waste Management Services looked at measures to reduce in-store packaging items, including plastic shopping carryout bags.

In 2008, City Council adopted a decision to mandate retailers to charge 5-cent for each plastic shopping carryout bag requested by the consumer, effective June 1, 2009. The 5-cent charge, along with increased public education, was effective in reducing the generation of plastic shopping carryout bags in the City's waste stream. Single-family waste audits showed a 53% reduction between 2008 (before 5-cent charge) and 2012 (when fee was in effect).

In June 2012, the 5-cent charge was rescinded and it was also decided by City Council to mandate a ban on plastic shopping carryout bags. Following subsequent staff reports and Council motions related to Part 2 of the decision concerning the ban, the Ontario Convenience Stores Association and Canadian Plastics Industry Association brought an action against the City to quash Part 2. With Council authorization, the City entered into a court-approved Agreement with the applicants that led to a removal of the forthcoming ban. The court itself never considered the merits of the ban or how it had been adopted. City Council then directed staff to further consider the issue of reducing plastic bags in Toronto and directed staff to develop a range of measures to reduce the use and disposal of plastic shopping carryout bags while also considering the benefits and implications of each option.

COMMENTS

Solid Waste Management Services is committed to the implementation of initiatives that aim to divert more waste from the landfill. Although the weight of plastic shopping carryout bags make up a small portion of the total amount of landfilled waste, efforts to reduce, reuse and recycle this material is consistent with this commitment.

Consultation Approach

In preparing this report, staff conducted two forms of stakeholder outreach; specific industry and environmental stakeholder consultation meetings and a public opinion survey of Toronto residents.

Solid Waste Management Services' previous experience engaging stakeholders on the in-store packaging reduction initiative was drawn upon to establish a stakeholder listing with cross representation views. The invitation letter sent to these stakeholders included an open invitation for the invitees to suggest other stakeholders for the consultations. Solid Waste Management Services invited retailers, bag manufacturers/industry and environmental/non-profit organizations to participate in two consultation meetings to discuss the options presented in this report and provide any other suggested measures. In addition to participating in the consultation meetings, stakeholders were invited to submit written comments to staff. The meetings were held on February 28, 2013, and March 27, 2013. Attachment 1 lists the stakeholders that attended one or both of the meetings.

Ipsos Reid was engaged by Solid Waste Management Services to carry out a public opinion survey to determine the attitudes, opinions and behaviours of Torontonians towards single-use plastic shopping carryout bags. There were 1,001 telephone surveys conducted between March 27, 2013 and April 7, 2013, with representation from all districts in the City. The complete results from the Ipsos Reid survey can be found on Attachment 15.

Stakeholder Comments

Stakeholder comments on the various measures to reduce plastic shopping carryout bags and their benefits and implications were noted by staff at both consultation meetings. These are summarized in Attachment 2: Stakeholder Comments from February 28, 2013 and March 27, 2013 Consultation Meetings. Correspondence was received from the Canadian Plastics Industry Association and Canadian Plastic Bag Association, Canadian Restaurant and Foodservices Association, Citizens for a Safe Environment, Ontario Convenience Stores Association, Paper and Paperboard Packaging Environmental Council, Silverhill Institute of Environmental Research and Conservation, Toronto Association of Business Improvement Areas, and Toronto Taxpayers Association. These are found in Attachments 4 to 14. Attachment 3 is a summary of Stakeholder Positions, which was compiled based on submissions received from each stakeholder.

The following highlights key points that were heard at both consultation meetings and/or contained in the written submissions.

Option 1: No Mandatory Fee or Ban

This option has the City taking no further action to mandate a fee or ban. Retail associations, bag manufacturers, and plastics industry stakeholders repeatedly pointed out that the benefit to the City taking no further action is that residents retain a choice in regards to plastic bags as they can choose to pay for plastic shopping carryout bags, use reusable bags, or shop at a retailer that does not charge a fee for bags.

It was noted that free plastic shopping carryout bags can be used for other useful purposes, such as to line kitchen catchers or garbage bins and do not necessitate the purchase of store shelf bags.

Environmental stakeholders, on the other hand, did not agree with this option as they feel that taking no further action is the least likely of the three to achieve the goal of reducing the use and disposal of plastic shopping carryout bags.

Option 2: Mandatory Fee

This option would reinstate a plastic shopping carryout bag charge, implemented by municipal by-law. This by-law would require retailers to charge a fee, as determined by City Council, for each plastic shopping carryout bag distributed to the customer.

It was widely acknowledged that the 5-cent charge along with public education was effective in reducing plastic shopping carryout bags in Toronto; however, there were differing opinions on whether the fee should be mandated or implemented voluntarily by the retailers. Retailers, bag manufacturers and plastics industry stakeholders feel that the fee should be voluntary whereas some stakeholders feel that the government should mandate a fee because it is unlikely that all retailers would choose to do so voluntarily.

Environmental stakeholders argue that a mandated fee is an effective way to encourage residents to reduce the use of plastic shopping carryout bags as they are reminded each time at the point of checkout of the associative economic cost and environmental impact to taking a plastic bag.

Retail associations expressed concerns that a mandated fee can strain their relationship with their customers. Retail associations that represent small, boutique, or family-owned stores are apprehensive of the push back that they would experience from customers. Other stakeholders feel that a mandated fee imposes additional costs to residents that previously had access to free bags to carryout purchases or to line their garbage bins and kitchen catcher with. A mandated fee may also encourage residents to switch to reusable bags and some stakeholders expressed concerns over switching to an item that cannot be recycled in the Blue Box Program and is disposed in landfill.

The Toronto Association of Business Improvement Areas (TABIA) claimed that despite there being a by-law, many small retailers did not charge a fee when the 5-cent charge by-law was in effect between June 1, 2009 and June 30, 2012. Implementing a by-law that mandates retailers to charge a fee for each plastic shopping carryout bag distributed, will require consistent monitoring and enforcement for compliance.

Option 3: Mandatory Ban

This option would implement a municipal by-law that would prohibit retailers from distributing plastic shopping carryout bags. Retailers could choose to provide alternative carryout bags, such as paper or reusable bags, for free or for a charge.

Environmental stakeholders feel that a mandated ban would be the most effective in reducing plastic shopping carryout bags because it sends a strong message to customers to consider the environmental impacts of plastic bags and switch to reusable bags.

However, it was clear that this option was the least favourable of the three options proposed by staff, as the majority of stakeholders did not support a mandated ban.

There were many concerns raised on the implications of a ban, mainly the economic implications for residents, retailers, and the plastic bag manufacturing industry. Concerns of inconveniencing residents with a ban were raised, as were the economic implications felt by residents needing to purchase reusable bags and/or store shelf bags to replace the prohibited plastic shopping carryout bags that they use to line their waste bins.

Retailers have many concerns with a ban and the impacts that it would have on checkout processes, sales, and retailer/consumer relationship. A survey conducted in November 2012, on behalf of the Ontario Convenience Stores Association, showed that 47% of all convenience store shoppers in Toronto would limit their purchases and change their purchasing habits as a result of a potential bag ban.

Retail stakeholders also expressed concern for businesses that are located near the borders of the City of Toronto as they could experience a decline in sales because shoppers may choose to shop outside of the City. The logistics of implementing and preparing for a ban is also a concern for retailers as it would require sufficient time to order alternative carryout bags, reconfigure checkout processes, train staff, and deplete existing stock of plastic bags or transport prohibited bags to large chain retail locations outside of Toronto.

Option 4: Comprehensive Education and Communication Plan

During the consultation with the stakeholder groups, an alternate suggestion was received from the Canadian Plastics Industry Association and Canadian Plastic Bag Association.

The paper entitled, *Voluntary Fee & Enhanced 3R's Bag Management*, is Attachment 13b.

This option would be a variation of Option 1, where, in addition to certain retailers continuing to voluntarily charge a 5-cent fee or more for plastic carryout bags, the City would work with the Plastics Industry and the Retailers to create and implement a comprehensive education and communication campaign that focuses on a 3Rs approach to reduce the use and disposal of plastic shopping carryout bags; reuse the bags where possible; and, recycle these bags when they have reach the end of their useful life.

Ipsos Reid Public Opinion Survey

Ipsos Reid was engaged by Solid Waste Management Services to carry out a public opinion survey to determine the attitudes, opinions and behaviours of Torontonians towards single-use plastic shopping carryout bags and proposed measures to reduce their generation. There were 1,001 telephone surveys conducted with representation from all districts in the City between March 27, 2013 and April 7, 2013.

Results from the Ipsos Reid public opinion survey found that 50 % of the residents questioned strongly support (32%) or somewhat support (18%) the option of the City taking no further action. When survey respondents were asked to choose between one of the three options, 44% believe the City should take no action, 36% would prefer that retailers be mandated to charge customers a 5-cent fee and 19% prefer a complete ban on retail provided plastic shopping carryout bags.

Supporters of a mandated fee believe that this option discourages the use of plastic bags (18%) and encourages people to bring their own bags (15%). However, those who oppose the mandated fee argue that it is 'unfair' (11%) or that it is an ineffective policy (9%). The survey found that 34% of respondents strongly or somewhat oppose the option of a mandated ban. This option was the least preferred option.

It is also apparent from the Ipsos Reid research that a sizeable percentage of Toronto residents did change their behaviour during the years that the 5-cent charge was in place:

- 72% of respondents indicate that they use reusable bags or bins more often than compared to four years ago.
- 59% of respondents indicate that the 5-cent charge influenced their behavior and reduced their use of plastic shopping carryout bags.

The findings suggest that residents continue to use reusable bags and have not stopped shopping at retailers that charge a 5-cent fee, despite the retailers no longer being required to do so.

- Since the fee was rescinded in July 2012:
 - 52% indicate that the absence of a mandated fee has not influenced their use of retailer-provided plastic shopping carryout bags.
 - 21% are using plastic bags less often since the fee was rescinded, whereas only 14% are using plastic bags more often.

In fact, many respondents appear to have changed their behavior permanently and feel that they will continue to use reusable bags, regardless of City policy.

The complete results from the Ipsos Reid survey can be found on Attachment 15.

Discussion of Options

Based on the stakeholder consultation, public opinion survey and research of plastic shopping carryout bag reduction policies in other jurisdictions, the following represents staff's conclusions of the main benefits and implications of the four primary options related to plastic shopping carryout bags.

Option 1: No Mandatory Fee or Ban

Following the rescinding of the mandated 5-cent minimum charge for plastic shopping carryout bags, effective July 1, 2012, there is no City mandate to reduce the use and disposal of plastic bags in Toronto. With this option, the City will take no further action to enact a by-law that mandates a fee or ban of plastic shopping carryout bags. However, plastic shopping carryout bags would continue to be diverted from landfill by recycling them in the Blue Bin Program.

The main implication of taking no action to mandate a fee or ban is that there would not be as significant a reduction in the generation of plastic shopping carryout bags. Single-family audits conducted by Solid Waste Management Services, after the 5-cent charge was rescinded effective July 1, 2012, suggest that the use of plastic shopping carryout bags have increased by 26%. Although 56% of this increase is going into the Blue Bin or being used as liners in the Green Bin.

Since the 5-cent charge by-law was rescinded in July 1, 2012, some retailers, mostly large format grocery stores, carry on charging a 5-cent fee on each plastic shopping carryout bag.

The primary benefit of the City taking no action to mandate a fee or ban is that residents and retailers retain the freedom to choose the type of bag to carryout their purchase. As found in the Ipsos Reid survey, 50% of residents support idea that the City should take no action with respect to retailer provided plastic shopping bags.

A further benefit of the free distribution of plastic grocery bags that nonetheless have to be consistent with the City's bin program is that they can be reused as Green Bin and garbage liners, resulting in residents not having to necessarily buy special bags for this purpose.

Option 2: Mandatory Fee

The primary benefit of a mandated fee is that it continues to effectively reduces the quantity of plastic shopping carryout bags generated in the City's waste stream, as was demonstrated by the 5-cent charge previously in effect in the City. Single-family waste audits composition findings show that the quantity of plastic shopping carryout bags declined by 53% after the introduction of the 5-cent charge.

A study conducted by Stewardship Ontario in September 2010, showed that 90% of Toronto residents changed their behaviour as a result of the 5-cent charge by-law.

It could be argued that the mandated fee did its job and changed consumer behaviour (only 14% of residents in the Ipsos Reid survey claim they use plastic shopping carryout bags more often since the by-law was repealed).

The City has experience in implementing and administering this policy and stakeholders are familiar with the policy and can account for the potential impacts that it would have

on them if the mandated fee was reinstated. However, there may be a great deal of confusion created for the consumer if the fee were to be re-instated. Consumers would need to be re-educated if the fee were again to be mandated by the City.

A major implication for retailers, particularly the smaller stores, is that charging a fee can strain their relationship with their customers. It can also potentially impact their business (8% of residents in the Ipsos Reid survey answered yes when asked if they ever shopped outside of the City boundaries to avoid paying the 5-cent fee).

Option 3: Mandatory Ban

A plastic shopping carryout bag ban by-law would be the most effective out of the three options to reduce the use and disposal of plastic bags in Toronto; however, of the three options it would have the greatest impact on all stakeholders. Residents, retailers and the plastics industry would all negatively feel the ramifications of a mandated plastic shopping carryout bag ban by-law.

Residents could be inconvenienced as they would no longer have the option of plastic shopping carryout bags and would be compelled to use reusable bags or alternative carryout bags such as paper bags, if they are being offered by the retailer at a cost or free. As indicated in the Ipsos Reid survey, only 19% of residents indicated that their preferred option would be a ban on plastic carryout bags.

Residents would incur additional costs from purchasing reusable bags or store shelf bags to use in place of plastic shopping carryout bags to line their garbage and kitchen catcher bins. And these bags could still potentially end up in the landfill. Retailers would also feel the economic implications of a ban as it would affect their checkout processes and for small retailers, changes in customer purchasing behaviour may result in fewer sales as they are inconvenienced with having no means to carryout impulse purchases.

While there could be potential job losses in the plastics industry, it is uncertain to what degree this would be mitigated overall by potential job creation in other companies manufacturing alternatives to the plastic bag.

Implications felt by the City would include administrative costs to develop and administer the plastic shopping carryout bag ban by-law including enforcement. An extensive communication campaign would also be essential to inform retailers and educate residents on the new bag ban policy.

As plastic bags become a prohibited item that can no longer be distributed to customers to carryout purchases, retailers may choose to offer paper bags as an alternative for free or for a charge. Staff have reviewed various life cycle analysis studies comparing paper to plastic carryout bags and have found that they vary in their findings and conclusions on whether plastic or paper is the environmentally preferred choice for plastic shopping carryout bags.

Option 4: Comprehensive Education and Communication Plan

There was consensus amongst the stakeholder group that education is an important component to all options being considered by the City. Stakeholders agreed that an education campaign to raise awareness on reducing plastic bags by recycling them in the Blue Bin Program or switching to reusable bags would help towards reducing the quantity of plastic bags going to landfill. Some stakeholders made further recommendations for the City to partner with retailers to educate customers at the point of action or to work with retailers to establish in-store plastic bag take back/collection programs.

This option has the least impact to the retailers, both small and large, the plastics industry and the consumer. It would be more successful than taking no further action as described in Option 1, but it may not be as effective as Option 2 or 3.

The city does have experience implementing these types of education and communication programs and past initiatives have demonstrated that with well structured and collaborative campaigns with retailers and consumers, positive behavioural change can be accomplished.

Next Steps

After reviewing policy options and considering stakeholder comments and results from the Ipsos Reid survey, the staff will undertake a comprehensive education and communication campaign that focuses on a 3Rs approach to reduce the use and disposal of plastic shopping carryout bags as well as reuse and recycle these bags whenever possible.

Results from industry stakeholder consultation sessions and a public telephone survey of Toronto residents conducted by an objective, professional research firm, show key findings that support further promotional and educational outreach regarding plastic shopping carryout bags.

Moving forward, communications efforts by the City will focus on:

1. Reminding residents to carry reusable bags with them when shopping, as half of residents forget to bring such bags with them when shopping;
2. Highlighting the environmental benefits of reusable shopping bags and the environmental drawbacks of plastic shopping carryout bags; and,
3. Highlighting progress that has been achieved to date as a result of the policy to charge a 5-cent fee for retailer provided plastic shopping carryout bags in reducing the amount of waste sent to landfill;
4. Emphasizing recycling excess plastic shopping carryout bags.

The following tactics will be considered, where appropriate, in an educational campaign to retailers and customers:

- Advertising;
- Dedicated City web site: detailed information, relevant reports, Questions & Answers, downloadable communication materials;
- Media Relations;
- Updating 311 customer service staff;
- Work with Business Improvement Areas staff to use members as messengers and role models;
- Corporate newsletter stories;
- Prepared articles for Councillors' distribution;
- Work with various retail stakeholder associations to get appropriate messaging out to retailers.

Many of the above tactics were employed with successful results in 2009 when the City introduced the 5-cent minimum fee for plastic shopping carryout bags. At that time a four-week advertising campaign targeting primarily the customer and secondarily the retailer, was implemented at a cost of approximately \$225,000. An educational campaign costing approximately \$70,000 comprised of direct mail letters to retailers (printing, postage, translation), and production and distribution of free in-store signage, along with other important no-cost tactics as a dedicated web site, media relations, prepared articles and presentations rounded out the communications.

Additionally, in late 2008, an advertising campaign was launched at the cost of approximately \$275,000 to introduce two new items to the City's recycling program, one being plastic shopping carryout bags. This expansion of the Blue Box program strategically coincided with the City's policy to mandate retailers to charge a minimum 5-cent fee per plastic shopping carryout bag.

Industry Partnerships

The City is exploring possible cost-sharing mechanisms which could result in partnerships with industry stakeholders (associations, retailers, stewards) to produce and implement an effective and comprehensive promotional and educational campaign.

The City can also further drive reduction of plastic shopping carryout bags by encouraging more retailers to voluntarily charge a fee or pursue other reduction measures, such as a rebate for customers who decline receiving a plastic shopping carryout bag and opt to use a reusable bag or return-to-retailer collection programs.

CONTACT

Vincent Sferrazza, Director, Policy, Planning & Support, Solid Waste Management Services, Telephone: 416-392-9095, Fax: 416-392-4754, E-mail: vsferra@toronto.ca

Tim Michael, Manager, Waste Management Planning, Policy, Planning & Support, Solid Waste Management Services, Telephone: 416-392-8506, Fax: 416-392-4754, E-mail TMichae@toronto.ca

SIGNATURE

Jim Harnum, CET, MBA
General Manager
Solid Waste Management Services

ATTACHMENTS

Attachment 1 – List of Stakeholder Participants in Attendance at the Consultation Meetings
Attachment 2 – Stakeholder Comments from February 28, 2013 and March 27, 2013 Consultation Meetings
Attachment 3 – Summary of Stakeholder Positions
Attachment 4 – February 25, 2013, Submission from Canadian Plastics Industry Association
Attachment 5 – February 28, 2013, Submission from Toronto Taxpayers Association
Attachment 6 – March 15, 2013, Submission from Toronto Association of Business Improvement Areas
Attachment 7 – March 22, 2013, E-mail from Paper and Paperboard Packaging Environmental Council
Attachment 8 – March 26, 2013, Submission from Canadian Plastics Industry Association
Attachment 9 – April 4, 2013, Submission from Canadian Restaurant and Foodservices Association
Attachment 10 – April 9, 2013, Submission from Ontario Convenience Stores Association
Attachment 10a – Submission from Ontario Convenience Stores Association
Attachment 11 – April 10, 2013, Submission from Citizens for a Safe Environment
Attachment 12 – April 10, 2013, Submission from Silverhill Institute of Environmental Research and Conservation
Attachment 13 – April 12, 2013, Submission from Canadian Plastics Industry Association
Attachment 13a – Pros and Cons of Options to Reduce Plastics Bags CPIA Amendments
Attachment 13b – Voluntary Fee Enhanced 3Rs Option Final March 28, 2013
Attachment 14 – April 22, 2013, Submission from Recycling Council of Ontario
Attachment 15 – Ipsos Reid: Single Use Plastic and Reusable Shopping Bag Research Report