

SUBMISSION

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Submission by email

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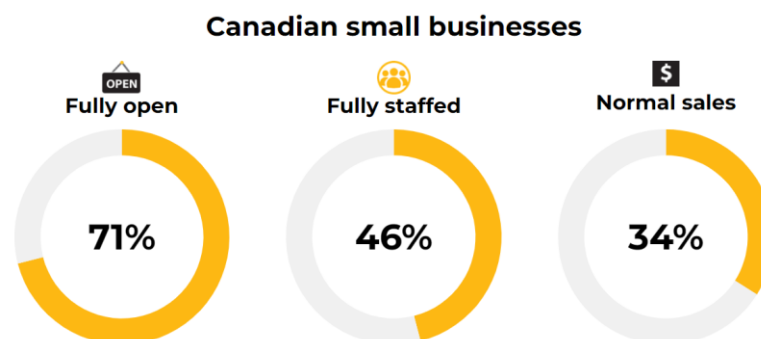
Subject: CFIB feedback on proposed regulations for single-use plastics ban

In 2019, the federal government announced it’s plan to ban single-use plastics as early as 2021. CFIB members are divided on this issue.

Since the pandemic started almost two years ago, hundreds of thousands of small business owners have had to face business closures, temporary employee layoffs and difficult decisions about their futures, through no fault of their own. As of February 14th, 71% of businesses were fully open, but only 34% of small firms had returned to normal revenues, indicating that we are a long way off to full recovery in the small business sector in Canada (see figure 1). The impacts of the pandemic on small businesses will be long lasting. A recent CFIB survey showed small businesses continue to have on average \$158,000 in debt and 28% will take more than 2 years to pay it off.¹

Figure 1

Small Business Recovery Dashboard as of February 14th, 2022



Source: CFIB, survey preliminary results for the Your Voice – February 2022 survey, results from February 9-14, 2022, n = 3,450.

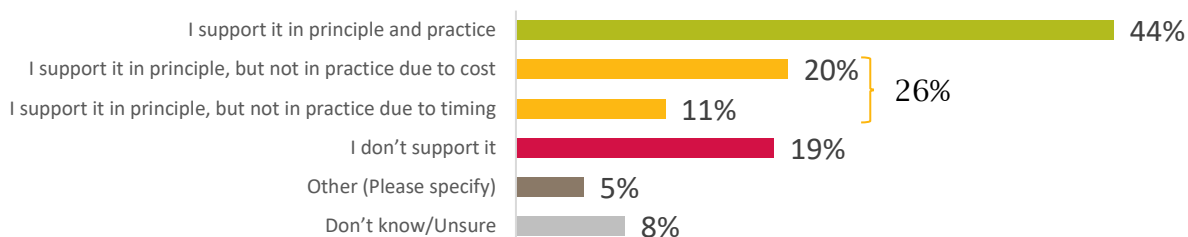
¹ CFIB, Your Voice Survey – January 2022, January 18 – 27th 2022, (n=5,630)

Which businesses will be impacted?

In preparation for the initial 2019 discussion on banning single-use plastics, CFIB ran an internal survey of our members and recently updated the results with a 2022 survey. Since 2019 more jurisdictions in Canada have adopted some form of single-use plastics ban, and we have found that fewer small businesses support the ban both in principle and in practice (44% compared to 67% in 2019).²

Figure 2

Which of the following best captures your view on the upcoming single-use plastics ban? (Select all that apply)

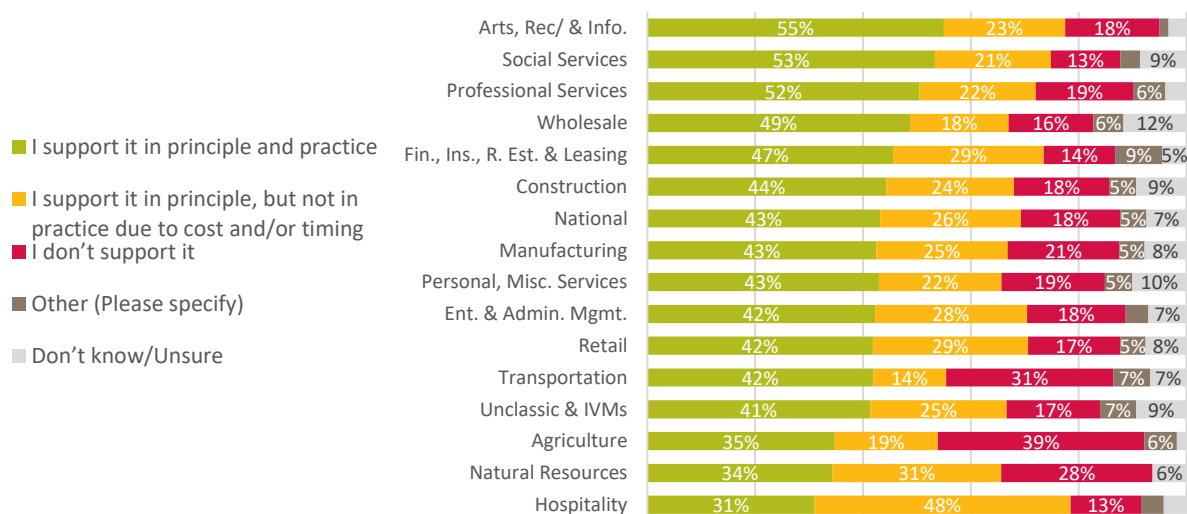


Source: CFIB, Your Voice Survey – February 2022, Feb 6 – Feb 28 Base: National (n=3,269)

The sectors least supportive of the single-use plastics ban both in principle and in practice include hospitality (31%), natural resources (34%) and agriculture (35%). Hospitality is much more likely to support the ban in principle but oppose it in practice to due to cost and/or timing (48%), while opposition to the ban – which is those who do not support it in principle nor practice - is stronger within agriculture (39%) and transportation (31%) (see figure 3).

Figure 3

Support for the single-use plastics ban by sector



Source: CFIB, Your Voice Survey – February 2022 – Feb 8 to 28, 2022 (n=3,252) – Note: labels <5% have been hidden

² CFIB, 2019 Red tape, recycling and single-use plastics ban online survey - August 20, 2019, to September 3, 2019 (n=5,764)

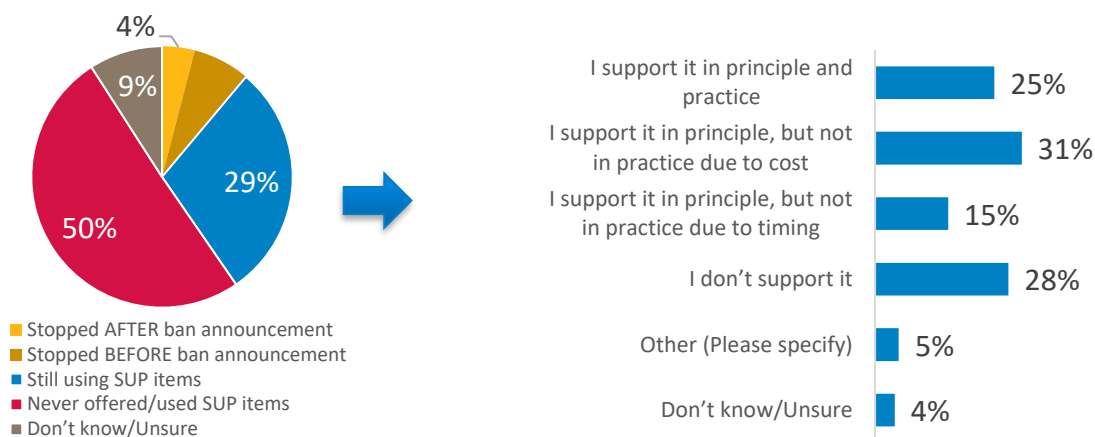
Almost three in ten (29%) small businesses continue to use single-use plastics. While some small businesses stopped using them before the federal ban was announced, just four percent have stopped since the ban was announced. Among those who are still using single-use plastics, support for the ban is minimal due to cost (31%) and time (15%) pressures around the ban (see figure 4).

Figure 4

Small business use of single-use plastics and support among current users

Which of the following best represents your business's situation regarding the offer/use of single-use plastic items?

Current view on the upcoming single-use plastics ban among those still using single-use plastics (Select all that apply)

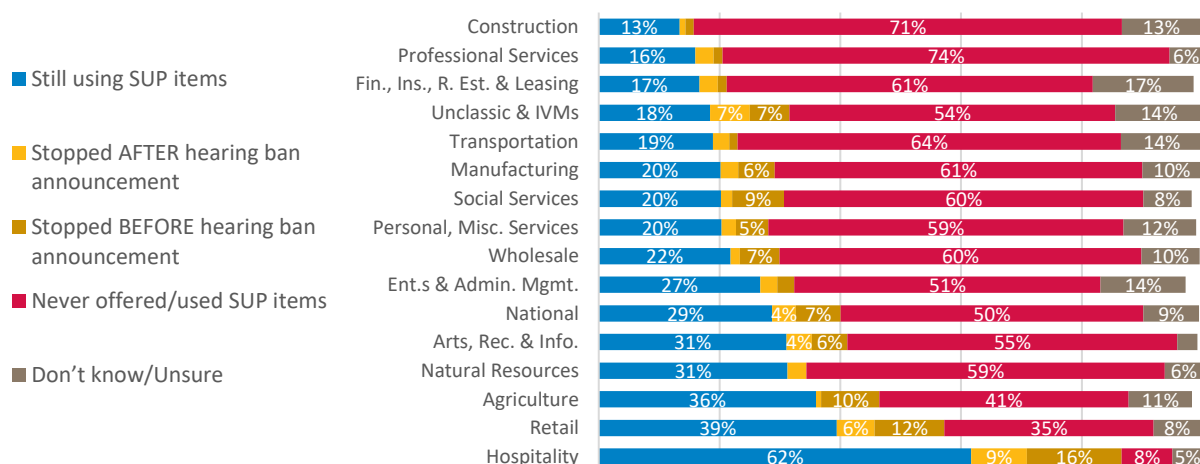


Source: CFIB, Your Voice Survey – February 2022, Feb 6 – Feb 28 Base: National (n=3,252); Still using single use plastic items (n=933)

Single use plastics are still used in a number of sectors, including hospitality (62%), retail (39%), agriculture (36%), and arts, recreation and information (31%). Almost one in ten (9%) from the hospitality sector stopped using single-use plastics before the federal ban was announced and 16% have stopped since the announcement was made (see figure 5).

Figure 5

Small business use of single-use plastics by sector



Source: CFIB, Your Voice Survey – February 2022, Feb 6 – Feb 28 Base: National (n=3,252); – Note: labels <4% have been hidden

From food services to manufacturing, small businesses are struggling to find cost-effective and efficient products to replace existing items they rely on without severely hindering the customer experience and adding costs to their bottom line. Add to this the unique public health, supply chain and cost impacts of the COVID-19 pandemic, it is not surprising fewer businesses are supportive of the initiative.

CFIB supported a delay in implementing this program due to the pandemic and pressures it put on small businesses. However, many small businesses continue to feel the impact of repeated public health restrictions and increased debt load due to the pandemic. **CFIB is asking for a further delay in banning single-use plastics to allow small businesses enough time to recover before adding additional costs and administrative burden to their already overloaded plates.**

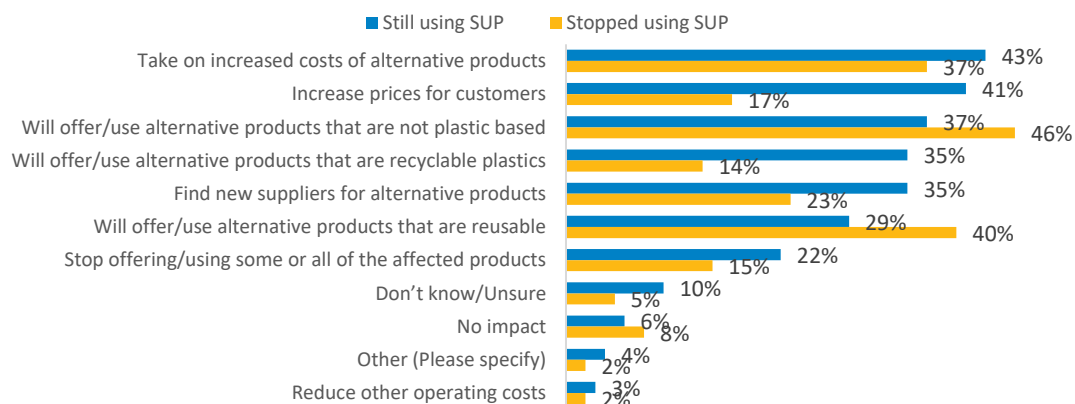
What will it cost and who is going to pay for it?

In 2019, a strong majority (80%) of business owners agreed that the overall costs to business should be well understood before any government proceeds with a ban. In the technical background document, it is suggested that all of the costs of the imposed ban will be passed along to customers. The costs of the program were not detailed in the background document due to this assumption. However rising input costs, inflation, and other increasing government costs (i.e., CPP, Carbon tax) are already having a significant impact on small businesses' profitability and pushing many to increase their prices. A single-use plastic ban is yet another added cost pressure on many small businesses.

Among those who had already stopped, just 17% indicated they had been able to increase prices for customers to offset the cost. More than one-third (37%) had taken on the increased costs of alternative products directly and 23% had found new suppliers for alternative products. Businesses yet to switch were more likely to anticipate increasing prices for customers (41%) or finding new suppliers (35%) but were just as likely to take on the increased costs of alternative products (43%) (see figure 6).

Figure 6

What impact could the new single-use plastics ban have on your business? (Select all that apply)

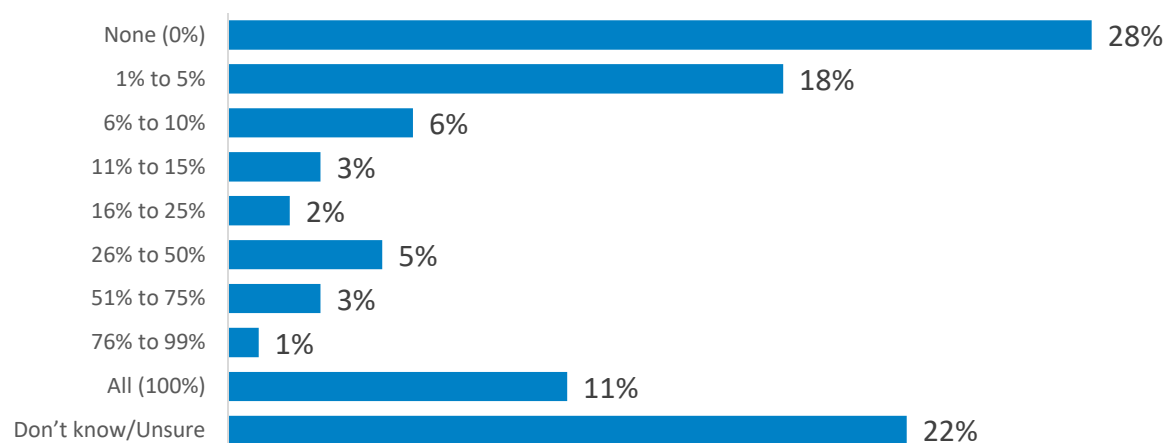


Source: CFIB, Your Voice Survey – February 2022, Feb 6 – Feb 28 Base: Still using single-use plastic items (n=933), Stopped using (n=129)

Among those still using single-use plastics, almost half (46%) will not be able to pass along a substantial part (greater than 5%) of the costs to their customers, and only one in ten (11%) anticipate shifting all of it to their customers (see figure 7).

Figure 7

Roughly how much of the costs associated with shifting away from single-use plastics will you be able to pass on to your customers? Still using single-use plastics (Select one)



Source: CFIB, Your Voice Survey – February 2022, Feb 6 – Feb 28 Base: Still using single-use plastic items (n=933)

Small businesses estimate it will cost them on average \$6,605 to adhere to the single-use plastics ban in the first year after it is introduced. Those who had already implemented alternatives estimated it cost them on average \$4,045 in the first year after they started using alternatives. Among those using single-use plastics, CFIB estimates a total cost of upwards of \$1.9 billion for employer businesses in the first year.³ Given not all of this cost can be passed along to consumers, many small businesses will have to absorb these costs as well as significant other cost increases imposed by government. **CFIB recommends keeping the program revenue neutral for business by offering a rebate on costs accrued to small business due to the implementation of the ban.**

Support for small manufacturers of single-use plastics

The single-use plastics ban will have a heavy impact on manufacturers and importers of plastics. Many of these serve other small businesses and are supported by a network of suppliers. While the estimated number of businesses impacted may be low, the level of impact on those businesses is significant. They need appropriate time to pivot their business model and work with their clients and suppliers to offer new solutions that are affordable.

³ CFIB estimate, using CFIB February 2022 Your Voice survey results and Statistics Canada, [Table 33-10-0493-01](#) Canadian Business Counts, with employees, December 2021 to extrapolate cost by sector for small and medium-sized enterprises still using single-use plastics.

Testing of new products by accredited laboratories and existing products that meet the multiple-use requirements will take significant time and resources. In an effort to support these businesses and the further development of alternative products, **CFIB suggests providing financial support to manufacturers, exporters and all affected SMEs while they pivot their business model.**

Lack of coordination across levels of government

Some provincial governments, including Nova Scotia and British Columbia, as well as municipal governments, such as the city of Montreal, have also implemented similar bans. Many of these have different requirements and exemptions, some have set costs to be passed directly onto customers for use of these products. For example, in Vancouver – single-use plastic bags are banned, except for use with specific bulk grocery items and other products, for home use or reuse.⁴ Additionally, alternatives can be made available for no less than \$1 for reusable bags and \$0.15 for paper bags. In Montreal however, no costs have been set for alternatives and fewer exemptions exist.⁵ This patchwork approach to plastics bans can create confusion for small business owners, as municipal, provincial, and federal regulations may clash. This again increases the unnecessary regulatory burden on small businesses. **CFIB asks for government to ensure consistency in approach across federal, municipal, and provincial levels of government.**

Other provinces and municipalities are exploring options of recycling certain plastics to decrease their presence in landfills. While the technical document indicates that just 9% of the types of plastics included in the proposed regulations are recycled as a justification for this ban, other efforts to explore an increase in the percentage of single-use plastics is not identified or explored.⁶ So there could be an opportunity to lessen the impact of broad bans on small businesses by investing in similar initiatives nationally. **CFIB asks the government to reconsider the need for a broad ban in lieu of increased recycling programs, or if not, provide justification for this approach when other Canadian jurisdictions have already been investing in other options.**

Communicating with Small Businesses

In addition to the feedback requested on the proposed regulations, the “Guidance for selecting alternatives to the single-use plastics in the proposed Single-Use Plastics Prohibition Regulations” were also published for feedback. Small businesses do not have the same internal capacity for review and reflection of detailed explanations for policy directions and considerations when sourcing alternatives. While this document is beneficial for those with an interest in more detailed understanding of the alternatives, a more concise prioritisation of

⁴ Retail Council of Canada, Single-Use Plastics Ban, Feb 14, 2022

⁵ Ibid.

⁶ Government of Canada, Canada Gazette, Part I, Volume 155, Number 52: Single-Use Plastics Prohibition Regulations: REGULATORY IMPACT ANALYSIS STATEMENT <https://www.gazette.gc.ca/rp-pr/p1/2021/2021-12-25/html/reg2-eng.html>

information would benefit time-strapped small business owners. **CFIB suggests a simplified communication for business owners with essential information – what they need to know to comply with the new regulations.**

Member comments

A selection of comments from our members in their own words about the single-use plastics ban:

“I don't understand why the government continues to implement new laws (i.e.: single use plastic, paid sick days, increased minimum wages) when we are still in this so called "pandemic". Don't you agree that we should get through this on-going nightmare first then allow business owners to get back on their feet and THEN implement these new rules and regulations? There is no room for small business owners anymore, our government is paving the way for big corporations to take over.”

—Hospitality Business Owner, Bowser, BC

“I agree with the ban on single use plastic straws, plastic cutlery, plastic ring holders for 6 pack drinks, plastic frozen dinner trays – anything that would not normally be re-used. Plastic grocery / store bags are still essential, as most will get re-used either for carrying stuff back and forth, or for holding wet garbage or diapers. I hate buying garbage bags when I can re-use plastic bags from the store. We are big into recycling, re-using.”

—Retail Business Owner, Winnipeg, MB

“Most all of our seed and feed sales (300+ tonnes) are packaged in polypropylene 20x30" bags. Our industry has yet to hear if these are on the single use plastic list. If so, how can any other product support 50lbs (22.68kg)?”

—Wholesale Business Owner, Milgrove, ON

“We sell single use polystyrene and polyethylene and polypropylene growing containers to commercial plant growers. These are sometimes recyclable in the current recycle stream. We need a recycle stream that can handle all three of these materials. Recycling is the BEST option for plastic. There is way too much focus on bio plastics (we sell this too) and it has a place, but standard plastic materials make the most sense for cost and recycling. Bags and straws can be recycled to if the incentive was there to do it. I don't mean subsidies. Just make it the rule and it will be done. The other use for plastics is as fuel. It is an oil-based product. Burn the garbage. Install scrubbers on the burners. It's done in Europe and it's cheap fuel for electricity production.”

“In terms of single use plastics, we have switched to some paper bags but in some cases suitable paper is not available or the price is exorbitant.”

—Manufacturing Business Owner, Kingsville, ON

Recommendations

As with any new regulation, it is important to understand the challenges faced by those who will be most seriously affected and what steps governments and policy makers can take to avoid unintended consequences that will adversely impact the small business community. It is important to work with the SME community to develop solutions that are effective, efficient, and easy to comply with.

Here is a list of recommendations for policy makers when finalizing the regulations:

- Further delay the implementation of a ban or a gradual and progressive restriction on single-use plastic items that allows businesses time to recover from the pandemic before imposing additional costs and penalties.
- Prior to moving forward with a ban, determine whether it is the best approach to reach desired environmental outcomes. Consider alternative approaches, such as:
 - Reconsider a recycling focused approach as pursued by different levels of government in Canada.
 - Prioritize education campaigns as opposed to enforcement and additional burden imposed on small business.
 - Ensure cost-effective/affordable and environmentally friendly alternatives are available and that business owners are aware of them.
- Ensure consistency in approach across federal, municipal, and provincial levels of government so as to not hinder business relationships within Canada and abroad.
- Understand and communicate the financial impacts of single-use plastic bans, particularly on those most affected, including both small businesses and consumers.
- If it is determined that serious or disproportionate hardship is imposed on a business, exemptions, special allowances, and monetary compensation must be implemented
- A plan to regularly review the effectiveness of a ban should be in place before implementation.
- As with any new regulation, measurable objectives for what the regulation is trying to achieve should be set, including costs and benefits.
- Provide business owners with the tools and information they need to be successful and avoid unintended consequences.

It should be noted that mandatory enforcement is not the only way to bring about behavioural change in society. Many business owners now ask their customers if they want a plastic bag

with their purchase, which has both increased awareness of the impacts of single-use items on the environment and reduced plastic use without requiring any new regulation at all.

Thank you for your attention to these important matters. Should you have any questions or would like to discuss further, please contact us at our Ottawa office at 613-235-2373 or email corinne.pohlmann@cfib.ca or Jasmin Guénette at jasmin.guenette@cfib.ca.

Methodology

The results for the 2019 CFIB red tape, recycling and single-use plastics ban online survey were collected from August 20, 2019, to September 3, 2019, and are based on a sample of 5,764 small business owners from Canada. For comparison purposes, a probability sample with the same number of respondents would have a margin of error of plus or minus 1.3 per cent, 19 times out of 20.

The results for the 2022 CFIB Your Voice - February 2022 online survey were collected from February 6 to February 28, 2022, and are based on a sample of 3,252 small business owners from Canada. For comparison purposes, a probability sample with the same number of respondents would have a margin of error of plus or minus 1.6 per cent, 19 times out of 20.

CFIB is a non-partisan organization exclusively representing the interests of 95,000 small and medium-sized businesses in Canada. CFIB's research capacity is second-to-none because the Federation is able to gather timely and concrete information from members about business issues that affect their day-to-day operation and bottom line. In this capacity, CFIB is an excellent source of up-to-date information for governments to consider when developing policies impacting Canada's small business community.