



## REPORT

Report Date: February 18, 2022  
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Meeting Date: March 2, 2022

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TO: Standing Committee on Policy and Strategic Priorities

FROM: General Manager of Engineering Services, in consultation with Director of Legal Services, General Manager of Arts, Culture and Community Services and Chief Licence Inspector

SUBJECT: Revisiting the City's Single-Use Beverage Cup Fee Policy

### **RECOMMENDATION**

- A. THAT Council approve, in principle, regulation to take effect on March 29, 2022, that exempts drinks provided at no cost to the customer from the cup fee requirement, including, but not limited to, free drink vouchers, monetary gift vouchers, free drinking water and food vendors' points or rewards programs;

FURTHER THAT Council instruct the Director of Legal Services to bring forward for enactment the necessary by-laws on March 29, 2022.

- B. THAT Council direct staff to work with non-profits, social enterprises, low-cost neighbourhood businesses and other organizations that deliver services to people disproportionately affected by income inequality, in 2022 to:
- i. support the development and expansion of low barrier cup-share programs that can be accessed by people experiencing poverty or living with low incomes, and raise awareness on how to access low barrier cup-share programs; and
  - ii. identify additional options for addressing inequity in the cup by-law, including support programs and other possible by-law amendments, and direct staff to use the City's Equity Framework to assess and recommend actions.

- C. THAT Council approve, in principle, by-law amendments that require food vendors to accept a customer's reusable cup for in-store orders beginning July 1, 2022;

FURTHER THAT Council instruct the Director of Legal Services to prepare proposed amendments to the License By-law to be included in a report back to Council before July 2022.

- D. THAT Council direct staff to report back within 18 months with potential options for requiring businesses to provide reusable cups for drinks ordered to-stay and to participate in a reusable cup-share program for to-go drinks, including recommendations for timing.

### **REPORT SUMMARY**

Vancouver's ban on plastic shopping bags and minimum fees on cups, paper shopping bags and reusable shopping bags took effect on January 1, 2022. In the weeks following, questions and concerns were raised about the by-laws, and potential unintended impacts, including:

- impacts to residents disproportionately affected by income inequality;
- businesses charging the cup and bag fees without offering reusable alternatives; and
- how businesses will use the revenues from fees.

On January 25, 2022, Council directed staff to report back by March 15, 2022, to provide Council with a better understanding of the facts and experience since the cup fee by-law came into effect, including staff recommendations for any adjustments to the policy.

From January 26 to February 8, staff collected and reviewed preliminary data, information and feedback available within the first 40 days after the cup and shopping bag by-laws came into effect.

This report provides Council with the information requested on each of the issues, and brings forward for approval recommended amendments to the cup by-law that address implementation challenges, and other recommended supportive actions.

Amidst the implementation challenges, there has been significant positive change towards transitioning to reusables. Based on the information gathered and inputs received, staff's recommendations are to:

- Exempt free drinks from the cup fee (March 29, 2022).
- Implement supportive actions to make free and low barrier alternatives to single-use cups available to people experiencing poverty or living with low incomes (2022).
- Require businesses to accept reusable cups for drinks ordered in-store (July 2022).
- Direct staff to report back within 18 months with a timeline and options to require businesses to provide additional reusable options for to-stay and to-go drinks, which will motivate them to invest in reusable alternatives
- Provide outreach and education to support businesses with the by-law amendments, and continue outreach and education on the importance of: accepting clean reusable cups so customers can avoid cup fees, communicating how cup fee revenue is being used to fund reusable alternatives, displaying the cup fee prominently, and avoiding compostable plastic cups.

The \$0.25 cup fee would remain in effect while staff develop the by-law amendments described above. Removing or delaying the cup fee will disadvantage businesses that have put significant effort into complying with the by-law and transitioning to reusables, and potentially derail many of the reusable cup initiatives currently underway.

### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

On January 25, 2022, Council directed staff to report back by March 15, 2022, to provide a better understanding of the facts and experience since the cup fee by-law came into effect, including staff recommendations for any adjustments to the policy.

On July 20, 2021, Council adopted the Equity Framework, which provides common understanding and a unified approach to equity, to be used by all City departments.

On December 9, 2020, Council enacted amendments to the License By-law to suspend the start date of the requirements for shopping bags and single-use beverage cups until January 1, 2022.

On October 7, 2020, Council approved the motion “Improving the Circularity of Vancouver’s Economy,” which included direction to staff to:

- apply the objectives of the circular economy to prioritize steps and projects that align with existing City of Vancouver policies, strategies, and actions; and
- support and facilitate ongoing circular work and models...including: share repair reuse models.

On January 21, 2020, Council enacted amendments to the License By-law and Ticket Offences By-law to regulate shopping bags and single-use beverage cups beginning January 1, 2021.

On June 5, 2018, Council adopted the Single-Use Item Reduction Strategy, a priority action in the City’s Zero Waste 2040 Strategic Plan, and directed staff to proceed with implementation.

### ***CITY MANAGER'S COMMENTS***

Vancouver is a national leader in efforts to reduce single-use items going to disposal. The cup by-law in particular is the first by-law of its kind in Canada and is aimed at reducing the 82 million cups thrown in the garbage in a given year. These types of changes are challenging. Staff are encouraged by the number of businesses that have taken steps to comply with the by-laws and while complaints and comments were received during the first few weeks of the by-laws coming into effect, they have dropped significantly and overall were much lower than staff expected, indicating the majority of businesses and the public are adapting to the changes.

The cup and shopping bag by-laws are designed to balance the many diverse interests of small businesses, large corporations, and residents of all income levels and abilities. The information provided in this report describes the current state of implementation and identifies areas for improvement based on observations, available data, and preliminary feedback from businesses and non-profits. While there are some gaps, businesses and the public are generally adapting well over time. The primary areas of concern are issues of inequity, and ensuring businesses give options for customers to avoid the \$0.25 cup fee. The recommendations focus on finding ways to support people experiencing poverty or living with low incomes, compelling businesses to accept reusable cups, and motivating businesses to invest in reusable alternatives.

The City Manager recommends approval of the foregoing.

## **REPORT**

### **Background/Context**

#### **1. Waste from Single-use Cups and Shopping Bags**

In 2018, 82 million single-use cups (approximately 50% hot drink cups, 50% cold drink cups), 89 million plastic shopping bags and 4 million paper shopping bags were thrown in the garbage in Vancouver. According to the Great Canadian Shoreline Cleanup, cups and plastic bags are among the top ten items littered on Canadian beaches and shorelines.

#### **2. Cup and Shopping Bag By-laws**

The cup and shopping bag by-laws were approved by Vancouver City Council on November 27, 2019. On January 1, 2022, amendments to License By-law No. 4450 took effect to require a minimum \$0.25 fee on single-use cups, ban plastic shopping bags, and require minimum fees of \$0.15 and \$1 on paper shopping bags and new reusable shopping bags (increasing to \$0.25 and \$2 on January 1, 2023).

#### **3. How the Cup and Shopping Bag By-laws Evolved**

Initially, the Single-Use Item Reduction Strategy adopted in June 2018 called for the City to adopt by-laws that would require customized reduction plans for each individual business. Under these plans, businesses could stop distributing, charge fees, or determine a custom approach to reduce these single-use items. This concept was modelled after the Solid Waste By-law that calls for businesses to have recycling and composting plans. To ensure reduction plans were effective, Council directed staff to report back with reduction targets, and to ban single-use cups if the cup target wasn't consistently met by 2021.

Consultation with 382 large and small businesses,<sup>1</sup> associations, BIAs and non-profits to develop the by-laws revealed the reduction plan approach was too complex, may not achieve the targets, and could harm businesses if cups were banned. Small businesses preferred the City to set common requirements for all businesses with a \$0.25 fee on cups., Council also directed staff to determine how public acceptance of a plastic bag ban had changed and explore by-law amendments to harmonize with the City of Victoria's by-law that bans plastic shopping bags and requires fees on paper and new reusable shopping bags.

As a result, in November 2019, Council approved by-law amendments that ban plastic shopping bags and require minimum fees on paper shopping bags, new reusable shopping bags (\$0.15 and \$1, increasing to \$0.25 and \$2 after one year), and cups (\$0.25). This approach was supported by public opinion research that found 73% of Vancouver residents supported fees on shopping bags and 65% supported fees on cups, and a Talk Vancouver survey that found 66% of respondents supported a plastic bag ban.

#### **4. Support for People Experiencing Homelessness and Residents with Low Incomes**

The cup and shopping bag by-laws exempt charitable food services from charging fees on cups, paper shopping bags and new reusable shopping bags.

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<sup>1</sup> 169 in-depth interviews plus 213 business respondents to a Talk Vancouver survey.

Residents can pick up free reusable shopping bags at one of the organizations participating in the City's reusable shopping bag program.<sup>2</sup> The list of locations in neighbourhoods across Vancouver is available on the City's free and low cost resources page,<sup>3</sup> and will be updated over time as more locations are added. Over 5,300 free bags were distributed in 2021, and approximately 1,100 bags have been delivered so far in 2022.

## 5. Using Fees to Reduce Single-Use Items

The City of Vancouver is not explicitly authorized to collect a sales tax. The by-law requirements for businesses to charge fees on cups and shopping bags were enacted under the City of Vancouver's broad powers to regulate business under the *Vancouver Charter*. Behaviour change research and experience in other jurisdictions shows business regulations such as fees have achieved significant reduction of single-use items, but discounts are ineffective at increasing reuse behaviour.

In eleven other B.C. municipalities including Surrey, Delta and Port Moody, provincial regulation, and Metro Vancouver's regionally harmonized approach, single-use item by-laws require businesses to charge and keep minimum fees of \$0.15-\$0.25 and \$1-\$2 on paper and reusable shopping bags. The City of Vancouver actively encourages businesses to use these fees for reusable alternatives. Public demand for transparency and reusable alternatives holds businesses accountable for demonstrating how they will use the fees.

## 6. Restricting Single-Use Items during the Pandemic

Public health requirements in British Columbia have allowed businesses to fill reusable shopping bags and cups since June 2020.<sup>4</sup>

Twelve B.C. municipalities have adopted single-use item by-laws since 2020. In July 2021, the Province adopted regulation to authorize Community Charter municipalities to adopt harmonized single-use item by-laws without provincial approval, and is developing regulations to restrict single-use items province-wide starting in 2023. The federal government intends to pass regulations to ban the manufacture and import of certain single-use plastics (shopping bags, straws, cutlery, stir sticks, container rings and problematic plastics like expanded polystyrene) by December 2022 and the sale and distribution of these items by December 2023.

## Strategic Analysis

### 1. Implementation Issues

In the weeks following the January 1, 2022 start date, residents raised several questions and concerns about the by-laws, and unintended impacts. These include:

- Impacts to people experiencing homelessness and residents with low incomes.

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<sup>2</sup> To learn more, visit [vancouver.ca/shopping-bag-support](https://vancouver.ca/shopping-bag-support)

<sup>3</sup> <https://vancouver.ca/people-programs/free-and-low-cost-resources.aspx>

<sup>4</sup> Vancouver Coastal Health has indicated that the requirements for accepting customers' reusable cups are the same now as they were before the COVID-19 pandemic. Food vendors who accept customers' reusable cups must include this in their food safety and sanitation plans. If food vendors already have an approved plan for accepting customers' reusable cups, they are allowed to do so. Otherwise, food vendors must update their plan and submit it to VCH for review and approval before implementing the updated plan.

- Charging the cup fee without giving reusable options for consumers to avoid the fee.
- Lack of transparency and accountability for how businesses use the revenue from fees to invest in reusable alternatives, as encouraged by the City.
- Charging the paper shopping bag fee without giving reusable options, particularly for goods when they are ordered ahead for pick up in-store, for delivery, or at a drive-thru window.

## 2. Steps Taken to Review Implementation

From January 26 to February 8, staff collected and reviewed preliminary data and information available within the first 40 days after the cup and shopping bag by-laws came into effect. Staff also met with external organizations to hear their feedback.

- **Business preparedness.** Requests for and distribution of by-law toolkit materials.
- **Inquiries** from residents and businesses received in the project inbox and via 311.
- **Current levels of business compliance** with the by-laws including:
  - Phone calls and informal field observations for 87 food vendor locations in Vancouver
  - Meetings and/or emails with industry associations and large businesses to determine feedback and concerns.
- **Cup-sharing.** Email survey or meetings with four cup-share programs currently operating in Vancouver to understand how widely available their programs are at this time, as well as future plans.
- **Shopping bag regulation jurisdiction scan.** Updated review of the status of shopping bag by-laws in other jurisdictions.
- **Non-profits.** Meetings with two non-profits, who reached out to share feedback, to discuss equity impacts of the cup by-law.

## 3. Findings

### Business Preparedness: Requests for and Distribution of Toolkit Materials

The City has promoted the toolkit through:

- Two notification letters sent to over 8,000 businesses and 200 non-profits dated September 17 and November 1, 2021 (the latter sent with business license renewals).
- Restaurant and retail associations, as well as over 50 “amplifier” organizations like BIAs, business development groups, commercial property managers, environmental groups, health agencies, non-profit networks, packaging suppliers, food delivery services and waste management companies, inviting them to circulate the information to their members, business partners and other contacts.
- Presentations, including a session hosted by the Retail Council of Canada on November 16, a session hosted by DTES Chefs on December 8, and a session hosted by Urban Core on December 14.
- In-person outreach with language support through the hua foundation to over 250 Chinese, East Asian and Southeast Asian businesses, and a dedicated phone line.

Figure 1 shows that the number of toolkits downloaded from the City's website increased following each notification letter. Downloads peaked the week before the by-laws came into effect on Jan 1/22, and remained high for the first two weeks in January.

Figure 1. Downloads for all Single-use Item By-law Toolkit Materials (Sep 27/21 – Feb 12/22)

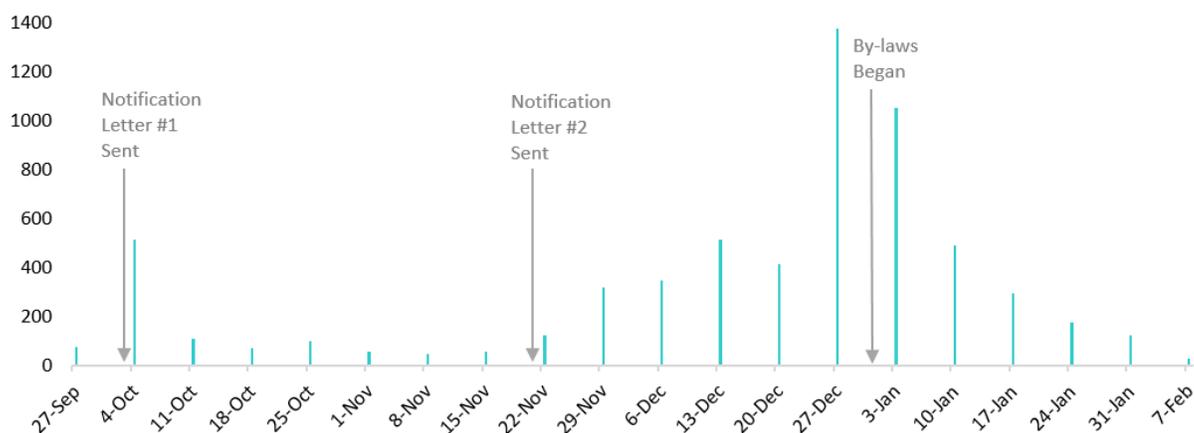


Table 1 shows that a total of 5,556 toolkit assets that support the cup and shopping bag by-laws have been distributed across all languages, including downloaded, mailed and hand-delivered materials. Of these, 39% were distributed after the by-laws came into effect.

The number of downloads and the types of assets requested in January indicates that businesses were still working to get into compliance when the by-laws came into effect. This is not an unusual result; many individuals and organizations choose to not take action until regulations change.

Table 1. Cup and Shopping Bag By-law Toolkit Assets Distributed (Oct 2021 – Feb 11, 2022)

<b>Assets<sup>a</sup> (includes all 6 languages)</b>	<b>Before By-laws Started (Oct-Dec, 2021)</b>	<b>After By-laws Started (Jan-Feb 11, 2022)</b>	<b>TOTAL</b>
Complete Toolkit	326	167	<b>493</b>
By-law Guides <sup>b</sup>	1,369	700	<b>2,069</b>
Cup By-law FAQs <sup>b</sup>	299	232	<b>531</b>
Bag By-law FAQs <sup>b</sup>	505	324	<b>829</b>
Cup Posters <sup>b</sup>	365	304	<b>669</b>
Shopping Bag Posters <sup>b</sup>	293	178	<b>471</b>
Cup Till Topper <sup>b</sup>	220	274	<b>494</b>
<b>TOTAL</b>	<b>3,377</b>	<b>2,179</b>	<b>5,556</b>
<b>PERCENT</b>	<b>61%</b>	<b>39%</b>	<b>100%</b>

<sup>a</sup> Does not include assets for foam, straws and utensils.

<sup>b</sup> Ordered separately from complete toolkits.

Inquiries

Between December 6, 2021 and February 13, 2022, staff received a total of 442 inquiries about one or both by-laws (emails received through the project inbox and staff, and feedback received via 311). Inquiries peaked at 161 during the week of January 3, immediately after the by-laws came into effect, and have steadily decreased to 16 inquiries during the week of February 7. (See Figure 2).

Initiatives related to waste management and waste reduction tend to result in significant inquiries, questions and complaints. Based on previous experience introducing other zero waste programs, staff expected a high number of inquiries, in the range of a few thousand during the initial transition period. The 244 inquiries we received about the cup and shopping bag by-laws in the busiest period, from December 27 to January 16, are significantly lower than expected. Staff attribute this to the large amount of preparation done prior to the by-laws coming into effect and the relative readiness of businesses and the community for the change.

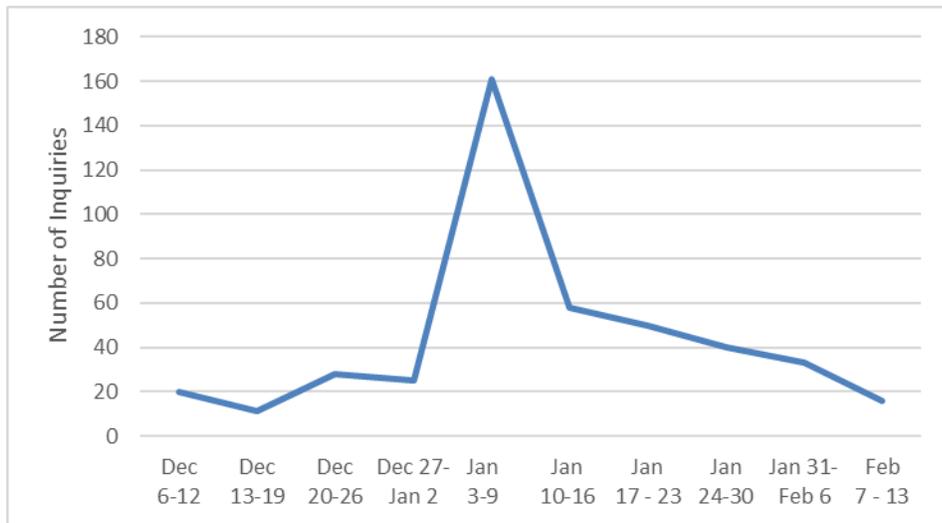


Figure 2. Weekly inquiries from residents and businesses about the cup by-law and/or shopping bag by-law.

Figure 3 shows how the nature of inquiries has changed each week from December 6 to February 13, 2022. Staff observed a peak of 113 cases of negative feedback during the week of January 3, which has fallen to a low of 12 cases during the week of February 7.

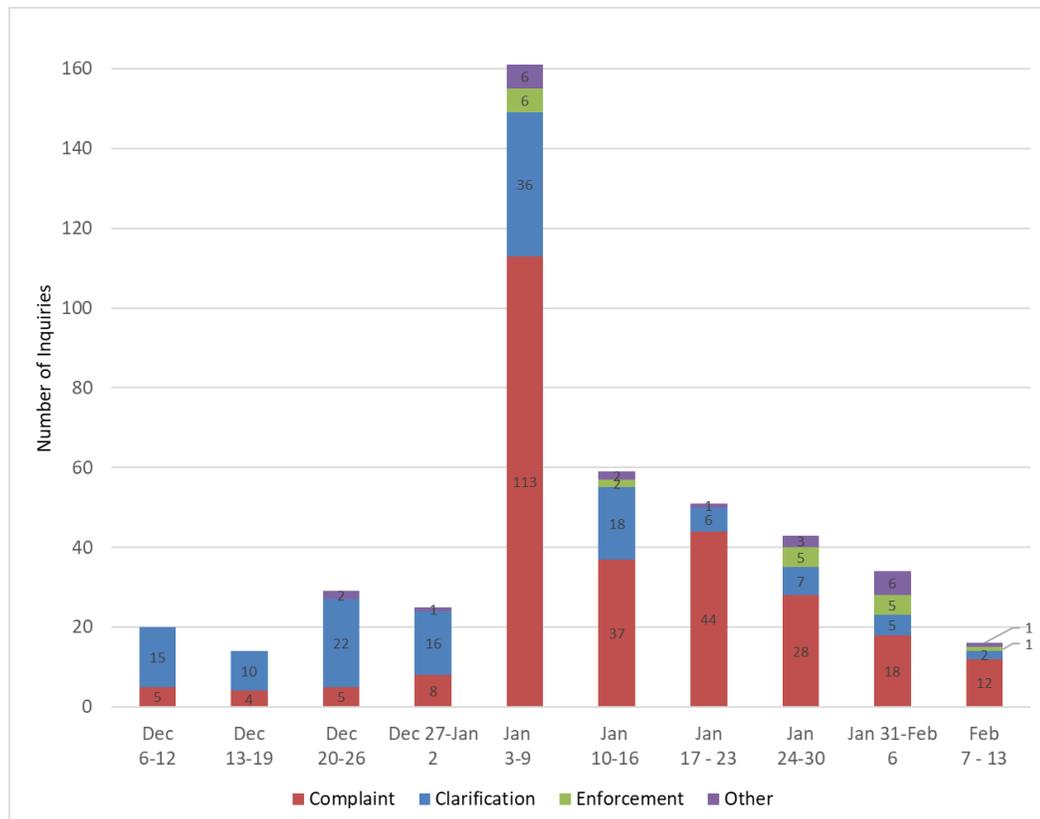


Figure 3. Nature of inquiries received from residents and businesses each week.<sup>5</sup>

**Current Compliance**

**Field observations and phone calls.** Within the timeframe available, staff contacted or observed a total of 87 business locations to gather information on whether food vendors are providing options for their customers to avoid the cup fee. Businesses contacted or observed include:

- 24 national or multi-national chains and franchises,
- 27 local chains (defined as: two or more locations in and around Vancouver),
- 6 single location small businesses (defined as: one location in Vancouver only), and
- 30 bubble tea vendors.

Table 2 summarizes the results, which suggest that the majority of food vendors are giving their customers options to avoid the \$0.25 cup fee. For example, out of 33 small businesses and local chains sampled, 28 locations are accepting customer’s reusable cups (85%) and 20 have reusable cups available for drinks ordered to stay (61%). The sample included seven smoothie and juice vendors, of which four are accepting customer’s reusable cups (57%), but none have reusable cups for drinks ordered to stay.

Not all businesses are at the same level in implementing reusables programs. Staff observed that (multi-)national chains and franchises are currently lagging behind small businesses and local chains in giving customers options to avoid the \$0.25 fee. Out of 24 locations sampled, 17 accept customer’s reusable cups (for some or all drinks) (71%) and

<sup>5</sup> Counts include 10 inquiries about the foam, plastic straw or utensils by-laws that were also received between Dec. 6, 2021 and Feb. 13, 2022.

only four have reusable cups for drinks ordered to stay (17%). At least two locations were accepting customer's reusable cups for select hot drinks only.

In addition, staff observed some variation between locations within local and (multi-)national chains. For example:

- A local smoothie chain promoted their Bring-Your-Own-Cup program via email, but when staff phoned five different stores, only two locations said they would accept a customer's reusable cup, and the other three said they would not.
- Staff phoned three locations of a (multi-)national chain that serves both hot drinks and fountain drinks. Two locations said they would accept a customer's reusable cup for all types of drinks, and the other would not accept them for any.

The hua foundation also conducted phone calls with 30 bubble tea vendors on behalf of the City. 20 locations reported accepting customers' reusable cups for all drinks (66%), two locations are accept them for some drinks (7%), and eight do not currently accept customers' reusable cups (27%).

Anecdotally, staff also observed that more customers are choosing reusable options in locations where information about the cup fee and goal of reducing single-use cup waste is prominently displayed. This observation is consistent with behaviour change research.

Table 2. Summary of Phone Calls and Field Observations Collected between Jan. 26 and Feb. 8, 2022

	Local chains (2 or more locations in and around Vancouver)	Small, independent businesses (with a single location)	(Multi-)national chains or franchises	Bubble tea vendors
<b>Total observations and phone calls</b>	<b>27</b>	<b>6</b>	<b>24</b>	<b>30</b>
<b>Accept customer's reusable cups</b>	22	6	17 <sup>a</sup>	22 <sup>b</sup>
<i>Do not accept</i>	3	-	5	8
<i>Couldn't tell or didn't ask</i>	2	-	2	-
<b>Have reusable cups for drinks ordered to stay</b>	15	5	4	-
<i>Do not have</i>	9	1	15	-
<i>Couldn't tell or didn't ask</i>	3	-	5	30

<sup>a</sup> Includes two locations that accept reusable cups for select hot drinks only.

<sup>b</sup> Includes two locations that accept reusable cups for some bubble tea drinks, but not all.

**Business and industry association feedback.** Two industry associations contacted staff to share what their members are saying about the implementation of the cup and shopping bag by-laws. A national chain also reached out to staff to provide information on their initiatives. An additional two multi-national businesses responded to staff inquiries via email or phone call.

Staff have kept businesses' comments anonymous in this report because some have not yet publically announced their reusable cup programs.

These stakeholders shared the following feedback and observations:

- Positive Feedback:
  - Conflicts with customers about the cup and shopping bag fees have been rare
  - National and multi-national chains are responding to the customer demand for reusables:
    - One national chain has introduced a cup-share program at all 17 locations in Vancouver, plus six locations in the greater Vancouver area, for all drinks and including drive-thru orders. They are also accepting customers' reusable cups for all drinks.
    - One multi-national chain is accepting customers' reusables cups using the City's "contactless cup" procedure.
    - One multi-national chain is accepting customers' reusable cups for select hot beverages.
    - One multi-national chain is planning to publicly announce plans for introducing reusable cup programs as early as February 2022.
- Challenges – Cups:
  - Charging the cup fee on drinks provided for free is a friction point for food vendors and their customers.
  - Businesses must sometimes refuse a customer's cup if it is too dirty.
  - At least one large chain is taking more time to re-introduce reusables to their locations in Vancouver because of the additional communication needed between corporate offices and franchise owners.
  - Some large chains have reduced the price of drinks by the amount of the cup fee as a temporary approach until they can launch reusable cup programs in their stores, because they want to demonstrate compliance with the by-law, but do not want to charge customers more when they don't have an option to avoid the fee.
- Challenges – Bags:
  - Determining how many shopping bags to charge for on food delivery apps and other online ordering platforms, when customers pay for an order before it's packaged for pick-up or delivery (applies to food vendors, grocery stores and retailers).
  - Working with food delivery apps to allow customers to indicate if they will bring their own bags for pick-up in-store, and other updates needed to comply with the by-laws when customers order online.
  - Cost to purchase paper shopping bags with at least 40% recycled content is currently higher than \$0.15 per bag.
  - Vancouver's \$0.15 and \$1.00 fees for paper and reusable shopping bags are less than other municipalities in B.C. (most other jurisdictions with fees are \$0.25 and \$2.00, respectively). Subsequently, some businesses with multiple locations have to manually enter the fees in their point-of-sale software for each transaction in

Vancouver because their systems have been programmed for the more common fee amounts.

- Opportunities – Support for Customers Experiencing Poverty and Living with Low Incomes:
  - Many of these businesses have existing agreements or partnerships with non-profits and social service agencies to donate monetary gift vouchers or free drink and free meal vouchers.
  - One multi-national chain shared with staff that they donate thousands of free drinks and food every year through various programs and initiatives.<sup>6</sup>
  - Businesses advised that these donation programs are ongoing; however, charging the cup fee on drinks provided for free is a barrier to making them accessible to people experiencing poverty or living with low incomes.
  - Some food vendors' staff are taking it upon themselves to cover the cost of the cup fee (for example, taking change from the tip jar) for customers who say they cannot afford the cost of the cup fee.

### Cup-sharing

Cup-share programs allow customers to borrow sanitized reusable cups to take with them for drinks to go, and return them to the business or another drop-off location at a later time. It's like car share or bike share, but for cups. Cup-share programs are an example of a circular business model, where products are kept in use for as long as possible and waste is minimized or eliminated, by design.

With approval of the by-laws in 2019, and in anticipation of the cup fee, a number of businesses started to develop cup-share programs in Vancouver.

Cup-share programs are now available at 48 food vendors with a combined total of 82 locations in Vancouver. The cup by-law coming into effect has prompted several new inquiries from food vendors to sign up with a cup-share program. Cup-share providers estimate an additional 75 to 100 food vendors in Vancouver may be offering cup-share programs to their customers within six months. This projection includes 50 businesses in the Downtown Vancouver BIA, which has partnered with one of the cup-share providers and is offering 100 free reusable cups to the first 50 businesses that sign up.

Each cup-share program is slightly different in terms of the program design, and what kinds of drinks they target. Taken together, cup-share providers in Vancouver are currently able to offer their programs for:

- Coffee, tea, and espresso drinks,
- Soda and other cold drinks,
- Smoothies,
- Wine,
- Drinks ordered ahead for in-store pick-up,

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<sup>6</sup> For example, between February 2021 and February 2022, they donated free drinks and food to over 10,000 people in Vancouver, including 96 visits to local non-profits. For example, Downtown Eastside Women's Centre, Covenant House, Vancouver Aboriginal Friendship Centre Society, Supportive Housing Kitchen and Downtown Eastside Neighbourhood House.

- Drinks ordered at drive-thru, and
- Drinks ordered for delivery.

In addition, at least one cup-share program is testing cups that can be used for bubble tea drinks.

Other cup-share and reusable packaging providers are also seeking to expand to Vancouver, including businesses that aim to provide reusable alternatives for cafeterias and food courts.

Staff are also aware that at least one other multi-national chain is in the process of developing a cup-share program at some of their locations in Vancouver, and a non-profit association plans to pilot the collection of reusable cup-share cups. Staff anticipate further details of both programs will be announced in the coming weeks.

Cup-share businesses stated that the cup by-law is driving development and participation in cup-share programs. For many food vendors, customer demand for convenient options for avoiding the cup fee is the most significant driver for participating.

The cup fee by-law, and the fee are essential for the success of the cup-share programs. The businesses staff spoke to shared there would neither be a business case nor a meaningful incentive for the majority of food vendors to offer reusable cup-share programs to their customers without it.

The cup-share programs also shared key challenges:

- Raising public awareness about the cup fee and the availability of cup-share programs as an option for avoiding the fee and reducing waste.
- Increasing convenience for customers by making more drop-off locations available.
- Some food vendors have indicated they prefer to use the revenue from cup fees to cover the cost of single-use cups made from compostable plastic, due to the belief that compostable plastics are better for the environment,<sup>7</sup> rather than making reusable alternatives available to their customers.

### Shopping Bag Regulation in Other Jurisdictions

Table 3 provides a comparison of shopping bag regulations for communities in B.C. Because there are many communities that currently have shopping bag by-laws, maintaining consistency between jurisdictions is an important consideration for both businesses and residents.

Vancouver's by-laws are consistent with other jurisdictions in B.C. that have adopted shopping bag regulations, except for the level of paper and reusable bags fees. Vancouver specifies a lower fee amount in the first year, which is scheduled to increase to the same amount as other jurisdictions in 2023. None of the municipalities provide exemptions for drive through, delivery or take-out bags.

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<sup>7</sup> Compostable plastic is not accepted in the City's Green Bin organics program, contaminates existing composting and recycling streams, is not approved for composting under provincial regulation, and is not designed to biodegrade in the natural environment. As contaminants, compostable plastics are most likely to be removed from composting and recycling streams and then disposed to landfill or incinerator. More information is available at: <https://vancouver.ca/green-vancouver/businesses-and-charitable-food-providers.aspx>

Table 3. Shopping Bag Regulation and Policies in British Columbia

Jurisdiction	Adoption Date	Effective Date	Plastic Bag Ban	Initial Paper Bag Fees \$0.15	Paper Bag Fee \$0.25	Exemption for Drive-Thru, Delivery, Take-out	Initial Reusable Bag Fees \$1	Reusable Bag Fees \$2	Businesses Keep Fees
Government of B.C. Ministerial Order 309 <sup>8</sup>		Jul 26/21	✓	✓	✓		✓	✓	✓
<i>Metro Vancouver Municipalities:</i>									
Metro Vancouver Guidance	Nov 26/21	n/a	✓		✓			✓	✓
Vancouver	Jan 21/20	Jan 1/22	✓	✓	✓ Jan 1/23		✓	✓ Jan 1/23	✓
Surrey	Oct 19/21	Oct 19/21	✓		✓			✓	✓
Richmond	Sep 27/21	Mar 27/22	✓						n/a
Delta	Dec 6/21	Jul 6/22	✓		✓			✓	✓
Port Moody	Oct 12/21	Apr 22/22	✓		✓			✓	✓
<i>Other B.C. Municipalities:</i>									
Esquimalt	Jun 14/21	Aug 16/21	✓	✓			✓		✓
Nanaimo	Feb 22/21	Jul 1/21	✓	✓	✓ Jan 1/22		✓	✓ Jan 1/22	✓
Rossland	Mar 8/21	Mar 8/21	✓		✓			✓	✓
Saanich	Jun 21/21	Aug 20/21	✓	✓	✓ Aug 20/22		✓	✓ Aug 20/22	✓
Sooke	Nov 22/21	May 22/22	✓		✓			✓	✓
Tofino	Oct 13/20	Apr 13/21	✓		✓			✓	✓
Ucluelet	Oct 13/20	Apr 13/21	✓		✓			✓	✓
Victoria	Apr 15/21	Apr 15/21	✓		✓			✓	✓

<sup>8</sup> Amends Community Charter B.C. Reg. 144/2004 SPHERES OF CONCURRENT JURISDICTION - ENVIRONMENT AND WILDLIFE REGULATION 144/2004. [https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/144\\_2004](https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/144_2004)

### Meetings with Non-profits

In discussions with non-profits who reached out to staff to share feedback, the following key issues were identified:

- **Barrier to offering free drinks.** The by-law requirement to charge the cup fee on free drinks is a barrier to making free drinks available to people experiencing poverty or living with low incomes. Many businesses have ongoing programs for donating and distributing free drinks, including:
  - Donating food and drink vouchers and monetary gift vouchers to non-profits that give the vouchers to their community members.<sup>9</sup>
  - Free drinks given away by food vendors to a variety of community organizations, including non-profits.
  - Food vendors' rewards and points programs that can be redeemed for free drinks and food, which many residents may rely on to help with affordability.
- **Barriers to choosing reusable alternatives.** People experiencing homelessness and residents with low incomes have more barriers to choosing reusable alternatives to single-use cups. For example:
  - Lack of access to facilities for keeping reusable cups clean in between uses.
  - Risk that reusable cups will be stolen or lost.
  - Low-cost food vendors are more likely to be (multi-)national chains that were not accepting customer's reusable cups for some or all drinks at the start of 2022, do not participate in a cup-share program, and do not offer reusable cups for drinks to-stay. Low-cost food vendors' businesses are sometimes relied on as spaces where people experiencing homelessness are able to spend time during the day, including to stay warm in winter months and cool in summer months.
- **Free and low barrier options.** One non-profit voiced concern that the cup by-law puts the onus for making changes primarily on the consumer, not on businesses. There is a lack of trust that businesses will use revenue from cup fees to give customers free or low barrier options for avoiding the cup fee such as offering reusable cups for drinks ordered to-stay, or developing low barrier cup-share programs.

Additional input provided:

- **Deposit-refund system.** One non-profit shared that their community members have an expectation that if you pay more for a single-use cup, the cost should be refunded when you return the cup for recycling, like it is for deposit-refund beverage containers. The non-profit acknowledged that this approach is beyond the City's authority and would require regulation from the Province.
- **Consultation.** Two non-profits that reached out to the City to share feedback recommended that the City should have consulted a wider range of non-profits and

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<sup>9</sup> For example, in January 2022, a warming centre run by Odd Fellows Lodge established a partnership, independent of the City, with a multi-national franchise location in Vancouver to provide a meal voucher to guests who stayed overnight at the warming centre. The voucher was specifically for a meal, rather than cash value, and as a result did not cover the cup fee. As with other warming centres in the City's network, the City provides funding for hot beverages, snacks and oatmeal in the morning. Although the meal voucher was not a City initiative, once hearing of the barrier, staff decided to cover the cost.

conducted more public engagement on the cup by-law before it was presented to Council for adoption.<sup>10</sup>

- **Use of Equity Framework.** The non-profits asked whether the City's Equity Framework was used to develop the cup by-law, and if it would be used to guide next steps.

#### 4. Key Takeaways

Based on the information gathered, staff identify the following key takeaways.

- 1) **Positive changes.** Based on the information gathered, the by-laws are resulting in significant positive changes, specifically increasing availability of reusable options not only in Vancouver but through changes in national and multi-national chains' programs more broadly across Metro Vancouver, the province and the country. Changing course on the City's by-laws at this point in time would negatively affect and potentially derail many of the initiatives currently underway.
- 2) **Growth of cup-share programs.** Cup-share programs are alive and well in Vancouver and continuing to grow as a result of the cup fee. Many businesses are already involved in cup-share programs, with more on the way. These businesses all indicated that maintaining the cup fee is essential to their success. Removing the cup fee or delaying it will impact their ability to offer the programs, likely resulting in programs stalling or being ended.
- 3) **Equity.** Throughout the development and implementation of the by-laws, staff considered input from a wide variety of stakeholders and worked to provide as equitable an approach for all sectors of society as possible, including people experiencing poverty or living with low incomes, persons with disabilities, small businesses, and cultural businesses requiring language support. After Council adopted the by-laws, Council approved an Equity Framework for the City in July 2021, which can be applied going forward to assess options for actions and next steps. Based on the information gathered, there are additional improvements that can be made to deliver equitable solutions.
- 4) **Barrier to offering free drinks.** Industry associations and large businesses indicated support for initiatives to improve equity, with one significant barrier being the by-law requirement to charge the cup fee on free drinks. Exempting free drinks from the cup fee would give businesses more opportunities to support people disproportionately affected by income inequality.
- 5) **Support programs for cups.** While the by-laws attempted to balance many competing interests, there are clearly some areas where changes are needed to address inequity. Support is needed to provide low barrier alternatives to single-use cups that allow people experiencing poverty or living with low-incomes to avoid the cup fee. Specifically these include:
  - The need to exempt free drinks from the cup fee;

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<sup>10</sup> The cup by-law was developed in consultation with non-profits that provide charitable food services in Vancouver. Staff notified over 1,000 stakeholders, including non-profits that deliver services to people experiencing poverty, about the Council report that brought the cup by-law forward to ensure they had the opportunity to speak at Council. After Council adopted the by-laws, staff efforts moved from consultation to implementation.

- Additional support needed around availability and access to cup-share programs;
  - Further discussion with non-profits and social enterprises to identify additional options for supports, and assess those options using the Equity Framework.
- 6) **Different levels of business preparedness.** Of the 5,600 toolkit materials requested for the shopping bag and cup by-laws (by-law guide, posters and till toppers), 61% were requested before Jan. 1, indicating the majority of businesses were preparing for the by-laws in advance. However, 39% of materials were requested after Jan. 1, suggesting many businesses were leaving their preparations to the last minute.
  - 7) **Declining complaints.** The number of complaints received peaked during the first week of the by-law coming into effect and have steadily declined since then. Overall complaints were much lower than expected, indicating that many businesses and residents were prepared for the change.
  - 8) **Ongoing transition to introducing reusable options.** Small businesses and local chains have been quicker to implement reusable options than most (multi-)national chains. One national chain has also demonstrated significant leadership in introducing reusable alternatives. Several (multi-)national chains that were lagging behind have indicated they are moving forward with significant changes in their operations, including accepting customers' reusable cups, re-introducing reusable cups to-stay and implementing cup-share programs. Although they have had over two years to get ready, some larger businesses are still working on communication between corporate offices and franchise owners, and other internal approvals. Removing or delaying the cup fee will disadvantage those smaller businesses that have put significant effort into complying with the by-law and transitioning to reusables.
  - 9) **Giving options to avoid the cup fee.** Some intervention by the City may be needed to ensure all businesses offer reusables alternatives to single-use cups. The City can compel businesses to accept customers' reusable cups, however, some businesses may need a bit more time to start accepting customers' reusable cups due to the need to update food safety and sanitation plans.
  - 10) **Addressing mistrust in the use of revenue from fees.** There is a lack of transparency on how businesses are using the cup fee. The City can send a signal for businesses to save fees to invest in reusable alternatives by setting a deadline for prohibiting single-use cups to be used for drinks ordered to-stay, and providing reusable cup-share for drinks to go. More consultation is needed to determine an appropriate time frame.
  - 11) **Lowering the cost of drinks by \$0.25.** Some businesses that have not yet introduced reusable options have (temporarily) reduced the cost of their drinks to compensate customers for the cup fee amount. Staff do not see this as a concern, provided that the business complies with the by-law requirement to identify the cup fee separately on menu boards, ordering platforms and receipts. Showing the cost of the fee separately will still create consumer pressure to move forward with reusable options.
  - 12) **Harmonization with other shopping bag regulations.** Vancouver's shopping bag by-law is generally consistent with all others in place across B.C., with the exception that the fees are currently lower for paper and reusable bags. None of the by-laws in place waive fees on drive-thru, take-out or food delivery orders. Maintaining consistency across the lower mainland and throughout the province is the most effective way of

implementing and maintaining change. Staff are not recommending any changes to the shopping bag by-law at this time.

- 13) **Outreach and education.** There are several areas where the City can support businesses with continuing outreach and education. These include:
- Educating customers about the fee: More customers appear to be choosing reusables in locations where information about the cup fee and the goal of reducing single-use cup waste is more prominently displayed at the point of sale.
  - Goal of the cup fee: Raising awareness about reducing the 82 million cups disposed to landfill or incinerator each year by transitioning to reusable alternatives.
  - Transparency: Communicating to customers how they are using revenue from cup fees to fund reusable alternatives.
  - Myth-busting around compostable plastics.

## 5. Recommendations

- 1) **Recommendation A: Exempt free drinks from the cup fee.** Staff recommend Council approve, in principle, by-law amendments to take effect on March 29, 2022 that exempt free drinks from the cup fee requirement.

This exemption to the cup fee would apply to free drink vouchers, drinks purchased using food vendors' monetary gift vouchers, free drinking water, free drinks available through a rewards or points program, free drinks offered as part of an in-store promotion, and other free drinks distributed by food vendors. This exemption would not apply to drinks included in the price of a meal combo.

Rationale and outcomes:

- This amendment will exempt people disproportionately affected by income inequality from paying the cup fee in several important cases:
    - When redeeming free drink vouchers and monetary gift vouchers, such as those given out by shelters and social service agencies,
    - When ordering free drinking water from food vendors (this will be of particular importance during hot summer months), and
    - When ordering free drinks using rewards or points programs, which many residents rely on to help with affordability.
  - Staff will bring forward the by-law amendment at the next Council meeting (March 29, 2022).
- 2) **Recommendation B: Implement supportive actions.** Additional support is needed to ensure free and low barrier alternatives to single-use cups are available to people experiencing homelessness and residents with low incomes.

Staff recommend that Council direct staff to work with non-profits, social enterprises, low-cost neighbourhood businesses<sup>11</sup> and other organization that deliver services to people disproportionately affected by income inequality, in 2022 to:

- Support the development and expansion of low barrier cup-share programs that can be accessed by people experiencing poverty or living with low incomes, and

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<sup>11</sup> For example, low-cost food vendors and retailers in Downtown Eastside and other neighbourhoods that people experiencing poverty or living with low incomes rely upon to access food and other goods.

raise awareness about the goal to reduce single-use items and how to access low barrier cup-share programs.

- Identify additional options for addressing inequity in the cup by-law, including, but not limited to, support programs and other possible by-law amendments, and use the City's Equity Framework to assess and recommend actions.

As a quick-start action, staff propose to test options for free and low barrier cup-share programs in partnership with local non-profits, cup-share providers and businesses.

Rationale and outcomes:

- Ensures people experiencing poverty or living with low incomes are not prevented from participating in the transition to reusables, and zero waste.
- Ensure people experiencing poverty or living with low incomes are aware of the cup by-law, the reasons for reducing single-use cups, and how to access low barrier cup-share programs and other options for avoiding cup fees.
- Supports the development of equitable circular business models in Vancouver.

- 3) **Recommendation C: Require businesses to accept reusable cups for drinks ordered in-store.** Staff recommend Council approve, in principle, by-law amendments that require food vendors to accept a customer's reusable cup for in-store orders for all hot and cold drinks by July 1, 2022.

This by-law amendment will be developed to be consistent with public health requirements.

Rationale and outcomes:

- Ensures the cup fee works as intended to allow customers to avoid the fee and reduce waste by choosing reusable alternatives.
- Creates a level playing field for all businesses, ensuring proactive businesses that have adjusted their operations to accept reusable cups are not at a competitive disadvantage.
- It is expected most businesses will accept reusable cups before July 1, 2022. However, this deadline is intended to allow time for:
  - Staff to develop the by-law amendments in consultation with health authorities and businesses that may be restricted from accepting customers' reusable cups due to security concerns (e.g. performance venues)
  - Businesses to review their operations, and, if needed, update their food safety and sanitation plans
  - Health authorities to review and approve food safety and sanitation plans, and for businesses implement them

- 4) **Recommendation D: Motivate businesses to invest in reusable alternatives.** Staff recommend Council direct staff to report back within 18 months with a timeline and potential options for requiring businesses to provide reusable cups for all drinks ordered to-stay and to offer a reusable cup-share program for to-go drinks.

Rationale and outcomes:

- With this direction, Council would send a strong signal for businesses to use the revenue to prepare for a future where single-use cups cannot be used for drinks to stay, and reusable options must be available for drinks to go.
- Gives the public more confidence that businesses will be transparent and accountable for investing revenue from the cup fee to reusable alternatives.
- Gives 18 months for the City to consult stakeholders on an appropriate timeline and for cup-share programs to scale up.

5) **Continue outreach and education to businesses.** Staff will provide additional outreach and education about the by-law amendments to equip businesses for the changes, and continue outreach and education on the following topics:

- Cup fees are in place to encourage customers to choose reusable alternatives. Businesses should provide reusable alternatives, including accepting clean cups for all types of drinks and offer reusable cups for drinks ordered to-stay, so customers can avoid the fee.
- Businesses are encouraged to communicate to customers how they are using, or will use, cup fee revenue to fund reusable alternatives.
- Businesses are encouraged to use toolkit materials to display information about the cup fee and the goal to reduce waste from single-use cups where customers can easily see it.
- Single-use cups made from or containing compostable plastic are not accepted under provincial regulation for compost facilities or in the City's green bin program, and are not designed to biodegrade in the natural environment.

### ***Implications/Related Issues/Risk***

#### ***Financial***

There are no financial implications.

#### ***Legal***

The *Vancouver Charter* grants the Council of the City of Vancouver broad legislative authority to regulate in relation to businesses, solid waste, nuisances and health matters. By-law amendments will be required to implement the recommended changes concerning single-use and reusable cups.

The \$0.25 cup fee would remain in effect while staff develop the recommended by-law amendments.

#### ***Communications***

The City will continue to reach out to food vendors and retailers to ensure they have the tools and information necessary to comply with the cup and shopping bag by-laws (including any amendments) and best practices around accepting reusable cups, and help them communicate with their staff and customers. The City-led communications and outreach campaigns will

continue to focus on raising awareness of the new by-laws and behaviour change (Bring Your Own Cup/Bring Your Own Bag, choose reusable cups for drinks to stay where possible).

Should Council approve the recommended by-law amendments, there will be additional outreach and education to businesses with support materials to equip them for the change.

## **CONCLUSION**

The cup by-law is the first of its kind in Canada. A transition period is expected as businesses adjust their operations from single-use to reusable cups, and consumers adopt behaviour changes, as a result of the cup fee.

Based on preliminary data, information and feedback available within the first 40 days after the cup and shopping bag by-laws came into effect, staff are encouraged by the level of compliance with the by-law and uptake of reusable cup programs. While some businesses left preparations to the last minute, many were prepared and accommodated the changes. New cup-share programs have been established and more will be announced soon. The number of negative feedback cases are lower than expected and have dropped significantly since the first few weeks after the by-law came into effect.

To address implementation challenges and address equity concerns with this new by-law, staff recommend the following by-law refinements and supports:

- Exempt free drinks from the cup fee (March 29, 2022).
- Implement supportive actions to make free and low barrier alternatives to single-use cups available to people experiencing poverty or living with low incomes (2022).
- Require businesses to accept reusable cups for drinks ordered in-store (July 2022).
- Direct staff to report back within 18 months with a timeline and options to require businesses to provide additional reusable options for to-stay and to-go drinks, which will motivate them to invest in reusable alternatives
- Provide outreach and education to support businesses with the by-law amendments, and continue outreach and education on the importance of: accepting clean reusable cups so customers can avoid cup fees, communicating how cup fee revenue is being used to fund reusable alternatives, displaying the cup fee prominently, and avoiding compostable plastic cups.

The \$0.25 cup fee would remain in effect while staff develop the by-law amendments and supportive actions described above. Removing or delaying the cup fee will disadvantage small businesses that have put significant effort into complying with the by-law and transitioning to reusables, and potentially derail many of the reusable cup initiatives currently underway.

The proposed by-law amendments and planned work to develop support programs for low barrier reusable cup options address the most critical implementation challenges, and set the stage for the City's ongoing transition to a circular economy and becoming a zero waste community by 2040.

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