



# News Media Canada Médias d'Info Canada

STEWARDSHIP PLAN

# 2018 ANNUAL REPORT

## Required Information Page

**Stewardship plan approval date:** October 19, 2017

**Product category:** Schedule 5 – Printed Paper and Packaging [Newsprint]

**Stewardship agency and/or program name:** News Media Canada

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**Stewardship program website:** None

**Stewardship plan website:** <https://nmc-mic.ca/public-affairs/newspapers-and-recycling/bc-stewardship/>

**Annual report website:** <https://nmc-mic.ca/public-affairs/newspapers-and-recycling/bc-stewardship/>

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## Message from the President

On behalf of News Media Canada and our members, it is with great pleasure to present our second ever annual report for newspaper stewardship in BC. 2018 was no doubt a very tumultuous year for the recycling industry in North America and indeed the entire world. Never before has modern recycling encountered the challenges, nor the intense media spotlight as it has over the past year. And although what's happened has not been easy for the recycling industry, NMC believes it's critical that the issues be widely reported so all British Columbians can be informed, and we are immensely proud of the work done by our members in this regard.

In spite of the challenges the recent market changes have created for many materials, we are happy that our product – recovered newsprint – has weathered the storm relatively well. Through our agreement with the BC Government and Recycle BC, the province's sole stewardship agency for Packaging and Printed Paper, newsprint collection and recycling has continued uninterrupted through the province-wide system. And because there are stable markets for newsprint, through Recycle BC we can provide the much-needed assurance that it has continued to be responsibly recycled as British Columbians expect.

Our stewardship plan continues to grow in a number of important respects. We were pleased to welcome three new members in 2018. We've also expanded our efforts across both old and new members to promote the recycling of our product, and recycling more generally. And even despite a slight decrease in tonnage distributed in 2018, our recovery rate remains well above the 75% threshold, sitting at an outstanding 93% for 2018.

We truly appreciate British Columbians' ongoing support for print news and your commitment to recycling that is key to our stewardship success.

Sincerely,

A handwritten signature in black ink that reads "John Hinds". The signature is written in a cursive, flowing style.

John Hinds

President & Chief Executive Officer, News Media Canada

## Introduction

This is the second annual report released by News Media Canada (NMC) for our British Columbia Stewardship Plan under Schedule 5 of the Recycling Regulation. The first was for 2017, following plan approval in October of 2017. This report incorporates plan performance and data for the year 2018, as well as additional information on efforts so far in 2019 and those planned for the future.

The system for newsprint recycling in BC is unique in several ways. To start, BC is the only jurisdiction in North America that requires industry to fully fund and operate a recycling system for Printed Paper and Packaging, or PPP. As a PPP product, newsprint of course falls under this category. The PPP collection and recycling system is run by Recycle BC (formerly MMBC), through a comprehensive system of curbside and depot collection, servicing all but a few communities across the province. As Recycle BC's is a large-scale, sophisticated program, we suggest readers refer to their annual report as well for additional information, some of which is related to newsprint.

NMC fulfills our obligations under the Regulation through an agreement with the BC Government, who maintains a direct relationship with Recycle BC. As a reporting and advertising medium, newspapers fulfill a critical role in keeping the public informed and governments have long used newspapers to communicate important information and messaging. This need has allowed us to provide this service in the form of in-kind advertising for government, which translates into partial funding for Recycle BC to collect our material through their centralized system.

Similar to what works in other provinces, this system has been successful in BC as well because it allows newspapers to meet our recycling obligations while ensuring the sustainability of our work in a challenging and ever-changing media environment. We've had excellent results in our first two years of data collection and reporting and we see no reason that this won't be the case in the future.

Our Stewardship Plan is open to both NMC members and non-members. The intention behind this was to ensure that all newspapers had the opportunity to join and benefit by getting into compliance with the regulation. We firmly believe that this continues to benefit our publisher members, non-members, and the overall recovery of newsprint in BC.

As a result of this open policy we've also grown year after year, with an additional three publications added to our membership in 2018 (the complete, up-to-date list of members is included in Appendix A):

- The Georgia Straight
- The Epoch Times
- Ming Pao

The program continues to be administered by News Media Canada on behalf of members, which include most applicable BC publications. We are governed by a 15-person board, made up of diverse representatives from across the country.<sup>1</sup> The NMC head office is still based out of Toronto, lead by our longstanding CEO John Hinds. And our website remains the host of all important documents related to our product stewardship activities.<sup>2</sup>

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<sup>1</sup> The current board of directors is posted on our website here: <https://nmc-mic.ca/about-us/board-of-directors/>

<sup>2</sup> These documents can be found at this link: <https://nmc-mic.ca/public-affairs/newspapers-and-recycling/bc-stewardship/>

## Recovery Rate and Third-Party Audit

High material recovery for newsprint in BC continues to be a significant achievement of our Stewardship Plan. Newspaper has a long history of recycling in BC, having been the original material collected at the residential curbside. Residents have been recycling newsprint since the early 1980's and are good at it. And unlike a lot of newer materials, it does not pose much confusion for the blue box user. These factors helped achieve a recovery rate of 93% for 2018, just slightly below the 96% recovery achieved last year.

The recovery rate is stated as a percentage of the newsprint collected through the Recycle BC system, versus that distributed into the residential market by our members. Calculating this figure is an important requirement of the Recycling Regulation.

In April of 2019, BDO Canada LLP was engaged to conduct an audit on PPP tonnage information from Plan members for 2018. The audit produced figures on the distribution of applicable residential PPP. The same firm was used for our previous audit, so they are very familiar with product stewardship in BC, particularly around newsprint.

The key metric in our recovery calculations is something called "Residential Production Volume". This is the tonnage of PPP distributed by our members into the residential market, exclusively. It's an important distinction because the Recycling Regulation covers only residential material, while excluding anything distributed to commercial, industrial, or institutional premises. Newspapers are of course consumed across all building types, which requires gross volumes to be adjusted using the following process for each member.

- Begin with the total number of copies printed per publication
- Remove from the above any copies that are not discarded through the residential waste stream such as:
  - Internal copies
  - Copies distributed to non-residential customers such as hotels/motels, airlines/airports, office buildings, and street-side distribution such as transit stations
  - Unsold returns from retailers
- Use the resulting total to determine the number of residential copies
- Translate this total number of units into a total weight in Metric Tonnes

Although the vast majority of our material is newsprint, we also break it down further into more detailed categories as our members are responsible for some other PPP that is measured as well:

- Newsprint
- Magazines, and other bound periodicals
- Plastic film and laminates
- Other printed paper – subscription letter & envelopes
- Other packaging

The two pages to follow show our 2018 tonnages of PPP, split up by both our member publishers, and the aforementioned material categories. Where necessary, figures were adjusted by BDO to be as accurate and consistent as possible.

## 2018 Tonnages

<b>Reported GPV for 2018</b>	12,946.00	4,352.00	1,187.26	5,116.75	2,250.05	2,609.29	698.63	522.27	1,898.18	288.42	365.08	32,233.93
<b>Adjustments</b>	(7,600.38)	(963.90)	-	1,926.65	(26.05)	-	-	(24.49)	(7.00)	2.67	-	(6,692.50)
<b>Revised 2018 Estimates</b>	<b>5,345.62</b>	<b>3,388.10</b>	<b>1,187.26</b>	<b>7,043.40</b>	<b>2,224.00</b>	<b>2,609.29</b>	<b>698.63</b>	<b>497.78</b>	<b>1,891.18</b>	<b>291.09</b>	<b>365.08</b>	<b>25,541.43</b>

<b>Reported RPV for 2018</b>	5,278.09	3,041.32	905.31	4,637.70	1,373.17	2,317.31	523.08	489.51	1,098.34	288.42	213.11	20,165.36
<b>Adjustments</b>	8.34	7.01	-	(66.40)	-	-	-	(22.96)	0.02	(7.73)	17.08	(64.64)
<b>Revised 2018 Estimates</b>	<b>5,286.43</b>	<b>3,048.33</b>	<b>905.31</b>	<b>4,571.30</b>	<b>1,373.17</b>	<b>2,317.31</b>	<b>523.08</b>	<b>466.55</b>	<b>1,098.36</b>	<b>280.69</b>	<b>230.19</b>	<b>20,100.72</b>

<b>CATEGORIES OF PPP</b>	<b>Black Press</b>	<b>Glacier Media</b>	<b>Globe and Mail</b>	<b>Postmedia</b>	<b>Sing Tao</b>	<b>Times Colonist</b>	<b>Continenta l Group</b>	<b>Aberdeen</b>	<b>Ming Pao</b>	<b>Epoch Times</b>	<b>Georgia Straight</b>	<b>Total</b>
<b>I) NEWSPRINT</b>												
Reported in 2018	4,348.83	3,031.89	872.26	4,542.08	867.52	2,232.37	500.76	466.20	1,083.15	281.77	213.11	18,439.94
Adjustments	(13.71)	(155.49)	-	(66.40)	-	-	-	(21.88)	(384.69)	(7.73)	17.08	(632.82)
Revised 2018 Estimates	4,335.12	2,876.40	872.26	4,475.68	867.52	2,232.37	500.76	444.32	698.46	274.04	230.19	17,807.12
<b>II) MAGAZINES</b>												
Reported in 2018	929.26	-	28.50	95.62	505.65	65.24	22.32	23.31	15.19	6.65	-	1,691.74
Adjustments	13.71	159.79	-	-	-	-	-	(1.09)	384.71	-	-	557.12
Revised 2017 Estimates	942.97	159.79	28.50	95.62	505.65	65.24	22.32	22.22	399.90	6.65	-	2,248.86
<b>III) PLASTIC FILM AND LAMINATES</b>												
Reported in 2018	-	9.43	4.22	-	-	4.18	-	-	-	-	-	17.83
Adjustments	8.34	2.71	-	-	-	11.35	-	-	-	-	-	22.40
Revised 2018 Estimates	8.34	12.14	4.22	-	-	15.53	-	-	-	-	-	40.23
<b>IV) OTHER PRINTED PAPER -</b>												
Reported in 2018	-	-	0.33	-	-	15.53	-	-	-	-	-	15.86
Adjustments	-	-	-	-	-	(11.35)	-	-	-	-	-	(11.35)
Revised 2018 Estimates	-	-	0.33	-	-	4.18	-	-	-	-	-	4.51
<b>V) OTHER PACKAGING</b>												
Reported in 2018	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Revised 2018 Estimates	-	-	-	-	-	-	-	-	-	-	-	-

The key figure can be found in the bottom-right cell of the Residential Production Volume table: 20,100.72 Metric Tonnes. This is the total adjusted tonnage of PPP across all plan members for 2018, and acts as the denominator in the Recovery Rate calculation. The numerator is 18,704 Metric Tonnes of PPP collected, which is the figure reported by the BC Government on behalf of Recycle BC for our applicable tonnage. Together these results work out to a 93% Recovery Rate.<sup>3</sup>

This is an excellent result, and one that we have achieved even while growing our membership. As new members come on their tonnages get added to those distributed under the plan, with no commensurate impact on tonnages collected, at least in the short term. This type of growth should therefore translate into a decreasing Recovery Rate, which we have mostly managed to avoid. We of course hope to continue to grow in this manner.

**Communication and Consumer Awareness**

Ongoing communication is an important element of our Stewardship Plan, and one that aligns perfectly with our product and business. Throughout 2018 and beyond, NMC has continued to use its newspaper communication platform to support and promote recycling in communities around BC.

This year, we included a review of recycling promotion activity as part of our annual audit. It was confirmed that once again, our members have made consistent and significant efforts to promote recycling through newspaper advertising. All eight of our publishers who were members at the start of the year included promotional pieces throughout 2018. Some members with multiple publications included promotions in all of them, whereas others just in select papers.

To cite a few examples, two of BC’s most prominent daily papers, the Vancouver Sun and Province, ran the following number of ads in 2018:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
<b>The Vancouver Sun</b>	26	23	27	25	26	26	25	25	25	26	26	25	<b>305</b>
<b>The Province</b>	26	23	26	26	26	25	26	26	26	26	26	25	<b>305</b>

The Globe and Mail also ran between 4 and 8 recycling ads per month between March and December of 2018. From among our community newspapers, examples include Aberdeen who ran weekly ads from late March to the end of December, Black Press who ran weekly and twice weekly ads depending on frequency of publication, and Glacier Media who ran an ad in near every addition of every paper for most of the year. This concerted effort helped get the message across to customers to always recycle their papers after reading. The three new members that came on board later in the year did not do any promotions in 2018, however have already begun doing so for 2019.

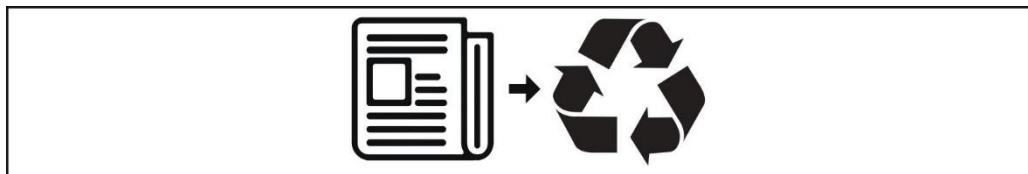
Our strategy with advertising is for NMC to develop and provide content directly to members so they can easily run the ads in their papers, and to change the recycling awareness and advertisements at least yearly. We have recently developed some new, refreshed ads that will be run throughout the year.

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<sup>3</sup> As in the last report, NMC acknowledges that the total tonnage collected likely includes some material distributed by members outside of our plan.

The new ads include options for 100% image-based communication. This was an important change we made to previous content using a combination of words and images, because a number of our members produce non-English language papers. These publishers may find the new ads are more appropriate for non-English papers. The ads have been made available in multiple colours and sizes, so publishers have the option to use whichever work the best for them and report their usage back to NMC for tracking purposes.

Here are some examples of the new content now being used:



We also encourage each of the publishers to supplement these adverts with their own local information, including traditional advertising as well as coverage of recycling-related issues.

## **Environmental Performance and Changing Markets**

We would again like to emphasize the outstanding recovery rate of newsprint as our key environmental achievement. 93% recovery means all but a tiny portion of BC newsprint is being properly recycled, with a minimal amount burdening the province's disposal infrastructure and polluting our environment. We also continue to be leaders in sustainability of our product, which is singular, wholly recyclable, and recycled content-rich.

Looking back at 2018, one thing that sticks out is the resiliency of recovered newsprint as a commodity on the recycling markets. In the 2017 Annual Report we included an extensive section on regulatory changes in China in particular. One year later, these changes have had an unprecedented impact on the market, creating massive ripple effects throughout the recycling industry. Chinese imports continue to be highly restricted, with the stated objective of eliminating them altogether by 2020. And capacity from other international markets is not sufficient to accommodate those materials that once went to China. Throughout all this, however, newsprint has fared much better than most all other PPP commodities.

Although its value is not what it once was, newsprint continues to be purchased consistently by international markets in countries like China and Korea who maintain a significant reliance on newspapers for communication. Indeed, for countries outside North America that have not as quickly transitioned to digital media, print-based communication remains very strong, and requires recycled feedstocks.

The significant volumes of newspaper that remain in the residential mixture also present the opportunity for systems to collect newsprint separately or sort it out of mixed papers at a processing facility. This is an important strength of our material because in these unique times, sorted materials are more stable and sought-after than mixed paper, for example, which has been shut out of some markets altogether.

In addition to export markets, some North American mills are also reprocessing our product, driven in part by desire for recycled content. These local outlets are important to diversify the market and we both hope and expect more to come online in the future as North America is forced to become more self-reliant in how it deals with waste materials. This transition will not be without challenges, but in the long-term will be a positive that will no doubt deliver many important environmental benefits.

## **Looking Forward**

The newspaper industry as a whole continues to transition to a digital platform, with commensurate declines in print distribution. In 2018, for example two Glacier publications – the TriCity News and the Burnaby Now – have reduced their publications from twice to once weekly. At the same time, other papers are becoming thinner. This is a large part of why our tonnage actually went down slightly this year as compared to last, in spite of our adding multiple new members. But regardless of changes to the industry, NMC remains committed to representing our members and supporting quality journalism and news media in BC and across Canada.

Overall, we are happy with plan performance in 2018 and the efforts and adjustments we made following 2017. That said, there were a number of further improvements suggested by our auditor that we will be pursuing this year.

Our members made strides in improving tracking and reporting of tonnages, however the auditor highlighted that some challenges with consistency still remain. For example, it was noted that for improved accuracy and completeness, the Ministry and NMC should work to standardize definitions and methodologies for calculating Gross Production Volumes. Issues existed in this area largely because some publishers have their own printing operations and calculate based on net paper consumption, whereas others use outsourced printers and calculate based on copies printed. This is something we hope to improve on in concert with the BC Government.

NMC will also be working on improved consistency of tracking non-newsprint PPP materials, and practices for parsing out residential material from total distribution. Both of these were mentioned by our auditor as needing further refinement, in part to reduce the amount of adjusting that they did this year (noted in the tables on pages 7 and 8). In terms of material categories, we will focus on standard guidelines around tracking of plastic film, which may be used to wrap newspapers during wet weather and is currently managed quite differently between certain members. We will also be working on our consumer definitions to address the issue of differentiating residential material. These and all practices around reporting and meeting plan our requirements will be particularly stressed for our new members in order to get them quickly up to speed.

And finally, as will always be the case, our plan will remain open to all that wish to gain compliance through it. We have had multiple rounds of new entries, and we will continue to solicit other obligated producers who are without a plan, to join on with us.

## **Conclusion**

Two years into our program, NMC is very pleased with our results thus far. Our recovery rate has far outstripped the mandated 75% for two successive years and shows no signs of faltering. Beyond simple collection, we also have many reasons to be confident in the genuine end recycling of our product, even during challenging times.

We thank the BC Government for its commitment to the newspaper Stewardship Plan, and Recycle BC for continuing to operate an exemplary collection system across the province. We fully anticipate another successful year in 2019.















- Producers with printing facilities generally reported Gross Production Volumes using an inventory calculation of paper purchased for their printing facilities (i.e., Opening Inventory + Purchases - Closing Inventory = Gross Production Volume), or a total amount of paper purchased during the year, due to minimal fluctuation in inventory. As a result, these Producers would have included paper spoilage in their calculations, while others would not have.
- Those Producers that do not have printing facilities calculated the weight of total copies received (i.e., copies printed by external printers or other Producers).

The differences in methodologies used resulted in BDO being unable to conclude on the accuracy and completeness of the Total Gross Production Volume reported by NMC. Since the Gross Production Volume figure does not factor in the calculation of amounts owed/paid to the Ministry, we did not request revisions to Gross Production Volumes based on different methodologies. A lack of guidance, or definition in calculating Gross Production Volume, provided to Producers led to these inconsistencies.

BDO also identified that Total Gross Production Volume reported by Producers only includes the use of paper for newsprint and magazines. The total does not include the other PPP categories, and as a result should not be used to draw conclusions on the Total Residential Production Volume.

Consistent with the prior year internal audit, BDO identified instances where there was double reporting of figures in the Total Gross Production figures reported by NMC. These errors arose because of instances where both Producers reported the gross production of particular volumes when one Producer prints publications on behalf of another. This resulted in an overstatement in the consolidated tonnage figure reported by NMC.

For the sake of consistency, and to avoid duplication, where possible, BDO reported the Gross Production Volume as the total weight of each Producer's own newsprint and magazines, prior to the removal of copies sent to the residential stream. A summary of changes identified by BDO, with respect to the Gross Production Volume calculation is provided in Appendix A.

To ensure Producers use a consistent approach in calculating and reporting on Gross Production Volume, and to allow for accuracy and completeness testing, we recommend that the Ministry and NMC establish a standard definition and methodology for calculating Gross Production Volumes. This would include confirming which PPP categories are to be included in the Gross Production Total, and whether waste paper and materials (e.g., covers and plugs) should be included. It should also clarify if publications printed for other Producers, should be included.

## **B. RESIDENTIAL PRODUCTION VOLUME**

The Residential Production Volume represents the share of newspaper produced by Producers for residential customers. Producers pay dues to the Ministry based on their Residential Production Volume, and the Producers use this volume to calculate the recycling recovery rate, as per the Stewardship Plan.

While the specific approach for calculating the Residential Production Volumes differed slightly for each Producer, the methodology used was generally consistent and in line with Schedule A of the agreement between the Province and participating producers, which outlines the *Calculation of Volumes Discarded through Residential Waste Stream*.

At a high level, the methodology used by Producers included:

- Starting with the total number of copies printed for each publication.
- Removing the allocation for copies considered not discarded through the residential waste stream as per schedule A, including:
  - internal copies (copies not distributed after production)
  - copies distributed to hotels/motels, airlines/railways, subscribers located in office buildings, and copies distributed to persons entering Skytrain Stations
  - returns (copies collected by the Producer that were not sold or distributed) from commercial vendors or newspaper boxes
- Using the resulting total as the number of residential copies.
- Using a calculation to translate the number of residential copies into weight in MT.

While the methodology is relatively straight forward, the calculation of the number of residential copies and of the Residential Production Volume is complex, and is, for most Producers, a manual process pulling from various sources of information.



BDO conducted testing for the calculation of residential copies for Producers and found the calculations to be reasonable in all material aspects. For one (1) Producer, based on testing conducted, residential copies used in the calculation may be overestimated, as the system accounted for residential copies that are actually no longer in circulation.

For the weight calculation, the majority of Producers used different formulas to best estimate the weight in MT. BDO conducted testing for the weight calculation and found the approaches to be reasonable.

There is confusion among the Producers regarding the interpretation and application of the stipulations of Schedule A when identifying which publications should be considered as part of the residential stream. For example:

- One (1) Producer only reported gross production. BDO provided a copy of Schedule A to the Producer. The Producer then provided a revised calculation for Residential Production Volume for BDO's review. Estimates provided in Appendix A reflect this revision.
- One (1) Producer had excluded apartment buildings from the residential stream, stating confusion around how high rise apartments that have their recycling picked up by commercial services should be classified. To be consistent with the approach used by most Producers, and to align with Schedule A, BDO added these totals back into the residential volume for this Producer. Estimates provided in Appendix A reflect this revision.
- One (1) Producer identified copies sent to libraries and to a City Hall as non-residential, deeming them as subscribers in office buildings, which can be excluded as per Schedule A. As there is no definition of "office building" in Schedule A, we accepted this approach; clarification may be needed to address this in future.

Through testing, BDO also identified that one (1) Producer used an inconsistent weight per page to calculate gross and residential tonnage. To ensure consistency, BDO recalculated the residential tonnage for this Producer based on a consistent weight for gross and residential tonnage. Estimates provided in Appendix A reflect this revision.

Other errors found by BDO through testing were primarily due to human error while manually inputting figures into spreadsheets, and did not lead to material impacts on total Residential Production Volumes. Errors led to both over, and under reporting.

Based on the above, BDO concludes that Producers would benefit from a standardized approach to calculating the weight of Residential Production Volume, and some further clarity on what is to be included in the residential stream to support the proper application of Schedule A.

Revised Residential Production Volumes, including adjustments for errors identified by BDO through testing, is included in Appendix A.

### **C. RESIDENTIAL PRODUCTION VOLUME DISAGGREGATED BY PPP**

Five (5) PPP categories are used to breakdown the total Residential Production Volume. Categories as reported by NMC include:

- i) Newsprint
- ii) Magazines, and other bound periodicals
- iii) Plastic film and laminates
- iv) Other Printed Paper - subscription letter & envelopes
- v) Other Packaging

Methodology and reasoning for the disaggregation by PPP category for Residential Production Volume was not consistent across all Producers. The findings by PPP category are as follows:

- i) **Newsprint**  
Newsprint was included by all Producers. The exact methodology to identify residential copies differed for each Producer, however, the general approach included obtaining the total number of copies printed, and removing copies deemed as not included in the residential stream, as per Schedule A. One (1) Producer did not initially provide a residential breakdown to NMC, however, was able to provide a breakdown during the time of the audit. One (1) Producer did not breakout magazines from newsprint. Based on testing conducted, the breaking out of magazines can be done by Producers as they report this information separately for the purposes of calculating weight, and an adjustment to correct this error has been included in Appendix A.

ii) **Magazines and Other Bound Periodicals**

The methodology to calculate the Residential Production Volume of Magazines generally aligned with that of Newsprint. As indicated above, one (1) Producer did not provide a breakdown between Newsprint and Magazines PPP categories. One (1) Producer also double counted Magazines within the Newsprint category. Estimates provided in Appendix A reflect these revisions.

iii) **Plastic Film and Laminates**

While, as we identified in the previous internal audit, the majority of Producers do not provide a consideration for plastic film and laminates, including plastic newspaper sleeves, some Producers added a total to their reporting in 2018. The reasoning provided by Producers for not including an amount for plastic sleeves included:

- Some Producers use biodegradable bags, and as such, according to Producers, these are not expected to be recycled and are therefore excluded.
- Other Producers mentioned that those delivering the publications are responsible for deciding whether they wish to use plastic sleeves, as such the Producers would have no way of tracking the use of plastic bags without requiring reporting by third parties.
- One (1) Producer did not report plastics in its reporting to NMC, but provided plastic totals for 2018 as part of the audit. This total was added in Appendix A.

Of those that reported weight for plastic, one (1) Producer used estimates to identify the approximate volume of plastic sleeves used by carriers. Others used their purchase numbers for 2018 as the basis for the reported totals. Plastic Film and Laminates was not reported as part of Gross Production Volume.

iv) **Other Printed Paper - Subscription Letter & Envelopes**

There have been no changes in 2018 as to how Other Printed Paper is reported by Producers. A number of Producers have mostly free publications that do not generate letters or other forms of renewal correspondence. As such, according to Producers, their use of other printed paper is anticipated to be trivial (less than 1 MT) and as such is not tracked. Those that reported other printed paper did so based on a separate calculation. Other Printed Paper was not reported as part of Gross Production Volume.

v) **Other Packaging**

None of the Producers reported using any other packaging.

Based on testing conducted, some manual reporting errors were identified, and are presented in Appendix A.

It is evident that Producers remain unclear on how what should be included in each PPP category and how it should be reported. BDO concludes again this year that Producers may benefit from further instructions on how to address certain categories, such as plastic, consistently. A revision of NMC's quarterly reporting template to include a breakdown of newsprint and magazines, as well as some general guidelines (i.e., definitions of what to include in each category), may also be beneficial to ensure consistency in reporting.

#### D. NAMES OF THE NEWSPAPERS

Most Producers produce several publications (newsprint and/or magazines). BDO was asked to review the list of publications included in the Gross and Residential Production Volumes to ensure completeness.

Based on testing conducted and information gathered through interviews and questionnaires, BDO observed the following:

- Gross Production Volumes for certain Producers, as reported by NMC, included allocations for publications printed that are outside of the scope of this audit (i.e., publications not owned by any of the eleven (11) participating Producers). Where possible, adjustments were made in Appendix A to the Gross Production Volumes to address this issue.
- Residential Production Volumes include only data for publications owned by the participating Producers. The list of publications included in the Producer's calculations aligns with prior year reporting, and is complete.

#### E. PROMOTIONAL PIECES

BDO was asked to review information relating to the performance measure in NMC's Stewardship Plan, dated September 2017, regarding the inclusion in 2018 of promotional pieces. The Stewardship Plan states that Producers



will “continue ongoing recycling promotion in BC newspapers” in 2018. Specific promotional pieces for this purpose were provided to Producers by NMC in March 2018, and to the new Producers in early 2019.

Through interviews, it was confirmed that the three (3) new Producers did not include the promotional pieces in their publications in 2018.

The other eight (8) Producers have included promotional pieces in their publications generally starting in April 2018, and included them throughout the year. Note that since the promotional pieces were used as fillers for some Publications, their inclusion was not always tracked (i.e., depends on the system used to track insertions). Some Producers indicated including the promotional pieces in all their publications, while others included them in select publications throughout the year.

Through testing, BDO also noted that some recycling ads (e.g., “Please recycle this newspaper”) had also been included by at least one (1) Producer prior to the provision of the specific NMC promotional pieces.

Based on the testing performed, and in the absence of further guidance on the definition of “ongoing” in the Stewardship Plan, BDO concludes that recycling promotion was ongoing in BC newspapers in 2018 for eight (8) of the Producers reviewed.

## CONCLUSIONS

Generally, Producers made efforts to report appropriate totals for the in-scope non-financial information reported by NMC. Errors identified were due primarily to manual data input in complex spreadsheet models.

BDO concludes:

- **Gross Production Volumes** - Due to identified duplication, and a lack of definition and guidance for the calculation and reporting of Gross Production Volumes, the reported totals are not complete and accurate and should not be relied upon, or interpreted in tandem with Residential Production Volumes.
- **Residential Production Volumes** - BDO found that the specific methodology for calculating Residential Production Volumes varied by Producer. Where used, estimates were found to be reasonable; however, errors were identified through testing. In cases where samples selected were representative of the population, errors identified were extrapolated. Furthermore, a need for further clarification of what must be included in the residential stream totals, based on Schedule A, would be required to ensure consistent reporting. Other than the errors identified in Appendix A, amounts reported are deemed complete and accurate.
- **Disaggregated Residential Volumes by PPP** - Producers did not use a consistent approach to reporting on PPP categories. Due to a lack of specific and formal guidance on what should be included, BDO is not able to comment on the completeness of the reported totals for plastic. However, other than the errors identified in Appendix A, amounts reported for newsprint, magazines, and other paper are deemed complete and accurate.
- **Names of Newspapers** - Based on testing conducted the number of publications included in the Residential Production Volumes is complete and accurate. Note that the Gross Production Volumes reported by NMC included printing of publications that are outside of the participating Producers.
- **Promotional Pieces** - Eight (8) Producers included promotional pieces in their publications throughout 2018. The three (3) new Producers did not include the promotional pieces in 2018, as they received the promotional pieces templates for inclusion in publications from NMC in 2019.

BDO identified again this year that further guidance for Producers would encourage consistency on how tonnage information is calculated, including a need for definitions for Gross Production Volumes, and decisions on how to approach the disaggregation of PPP categories. Beyond this, we recommend NMC amend the quarterly reporting templates to include all categories of PPP separately, as well as providing additional guidance on what is to be included, to avoid confusion.

Appendix A includes BDO estimates of revised tonnage reported based on adjustments from errors identified during testing.

Our report has been prepared solely for the purposes of the NMC, to reconcile amounts reported by Producers, and for NMC to share with the Ministry. Our report is not intended to be and should not be used for any other purpose. Our duties in relation to this report are owed solely to NMC, and accordingly, we do not accept any responsibility for loss incurred by any other party acting or refraining from acting based on this report.



A handwritten signature in black ink, appearing to read 'David Prime'. The signature is written in a cursive, flowing style.

David Prime, CPA, CA, CIA, CISA, CRMA  
Partner, Risk Advisory Services  
BDO Canada LLP

Vancouver, British Columbia  
May 29, 2019

**APPENDIX A - BDO ESTIMATES OF REVISED REPORTING**

The following tables present the reported information from NMC and revised estimates from BDO based on adjustments from testing conducted. In cases where the samples selected were representative of the full population, errors identified were extrapolated. In cases where errors were found in samples selected that were not representative of the full population, such errors were not extrapolated. Additional errors which may exist are not included in the adjustments below.

**2018 REVISED ESTIMATES - ALL PRODUCERS**

GROSS PRODUCTION VOLUMES (GPV)	Black Press	Glacier Media	Globe and Mail	Post Media	Sing Tao	Times Colonist	Continental Group	Aberdeen	Ming Pao	Epoch Times	Georgia Straight	Total
Reported GPV for 2018	12,946.00	4,352.00	1,187.26	5,116.75	2,250.05	2,609.29	698.63	522.27	1,898.18	288.42	365.08	32,233.93
Adjustments	(7,600.38)	(963.90)	-	1,926.65	(26.05)	-	-	(24.49)	(7.00)	2.67	-	(6,692.50)
Revised 2018 Estimates	5,345.62	3,388.10	1,187.26	7,043.40	2,224.00	2,609.29	698.63	497.78	1,891.18	291.09	365.08	25,541.43

RESIDENTIAL PRODUCTION VOLUMES (RPV)	Black Press	Glacier Media	Globe and Mail	Post Media	Sing Tao	Times Colonist	Continental Group	Aberdeen	Ming Pao	Epoch Times	Georgia Straight	Total
Reported RPV for 2018	5,278.09	3,041.32	905.31	4,637.70	1,373.17	2,317.31	523.08	489.51	1,098.34	288.42	213.11	20,165.36
Adjustments	8.34	7.01	-	(66.40)	-	-	-	(22.96)	0.02	(7.73)	17.08	(64.64)
Revised 2018 Estimates	5,286.43	3,048.33	905.31	4,571.30	1,373.17	2,317.31	523.08	466.55	1,098.36	280.69	230.19	20,100.72

CATEGORIES OF PPP	Black Press	Glacier Media	Globe and Mail	Post Media	Sing Tao	Times Colonist	Continental Group	Aberdeen	Ming Pao	Epoch Times	Georgia Straight	Total
<b>I) NEWSPRINT</b>												
Reported in 2018	4,348.83	3,031.89	872.26	4,542.08	867.52	2,232.37	500.76	466.20	1,083.15	281.77	213.11	18,439.94
Adjustments	(13.71)	(155.49)	-	(66.40)	-	-	-	(21.88)	(384.69)	(7.73)	17.08	(632.82)
Revised 2018 Estimates	4,335.12	2,876.40	872.26	4,475.68	867.52	2,232.37	500.76	444.32	698.46	274.04	230.19	17,807.12
<b>II) MAGAZINES</b>												
Reported in 2018	929.26	-	28.50	95.62	505.65	65.24	22.32	23.31	15.19	6.65	-	1,691.74
Adjustments	13.71	159.79	-	-	-	-	-	(1.09)	384.71	-	-	557.12
Revised 2018 Estimates	942.97	159.79	28.50	95.62	505.65	65.24	22.32	22.22	399.90	6.65	-	2,248.86
<b>III) PLASTIC FILM &amp; LAMINATES</b>												
Reported in 2018	-	9.43	4.22	-	-	4.18	-	-	-	-	-	17.83
Adjustments	8.34	2.71	-	-	-	11.35	-	-	-	-	-	22.40
Revised 2018 Estimates	8.34	12.14	4.22	-	-	15.53	-	-	-	-	-	40.23
<b>IV) OTHER PRINTED PAPER</b>												
Reported in 2018	-	-	0.33	-	-	15.53	-	-	-	-	-	15.86
Adjustments	-	-	-	-	-	(11.35)	-	-	-	-	-	(11.35)
Revised 2018 Estimates	-	-	0.33	-	-	4.18	-	-	-	-	-	4.51
<b>V) OTHER PACKAGING</b>												
Reported in 2018	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Revised 2018 Estimates	-	-	-	-	-	-	-	-	-	-	-	-

**2017 REVISED ESTIMATES - NEW PRODUCERS ONLY<sup>7</sup>**

GROSS PRODUCTION VOLUMES (GPV)		Ming Pao	Epoch Times	Georgia Straight	Total
Reported GPV for 2017 Adjustments		2,185.61	188.52	429.44	2,803.57
Revised 2017 Estimates		<b>2,185.61</b>	<b>188.52</b>	<b>429.44</b>	<b>2,803.57</b>
RESIDENTIAL PRODUCTION VOLUMES (RPV)		Ming Pao	Epoch Times	Georgia Straight	Total
Reported RPV for 2017 Adjustments		1,174.20	188.52	261.09	1,623.81
Revised 2017 Estimates		<b>1,174.20</b>	<b>(6.90)</b>	<b>20.39</b>	<b>13.49</b>
			<b>181.62</b>	<b>281.48</b>	<b>1,637.30</b>
CATEGORIES OF PPP		Ming Pao	Epoch Times	Georgia Straight	Total
<b>I) NEWSPRINT</b>					
Reported in 2017 Adjustments		720.14	188.52	261.09	1,169.75
Revised 2017 Estimates		<b>720.14</b>	<b>(6.90)</b>	<b>20.39</b>	<b>13.49</b>
			<b>181.62</b>	<b>281.48</b>	<b>1,183.24</b>
<b>II) MAGAZINES</b>					
Reported in 2017 Adjustments		454.06	-	-	454.06
Revised 2017 Estimates		<b>454.06</b>	-	-	<b>454.06</b>
<b>III) PLASTIC FILM AND LAMINATES</b>					
Reported in 2017 Adjustments		-	-	-	-
Revised 2017 Estimates		-	-	-	-
<b>IV) OTHER PRINTED PAPER</b>					
Reported in 2017 Adjustments		-	-	-	-
Revised 2017 Estimates		-	-	-	-
<b>V) OTHER PACKAGING</b>					
Reported in 2017 Adjustments		-	-	-	-
Revised 2017 Estimates		-	-	-	-

<sup>7</sup> 2017 data was scoped in for three (3) new Participating Producers. Other Producers' 2017 data was reviewed as part of the prior year internal audit.

**2016 REVISED ESTIMATES - NEW PRODUCERS ONLY<sup>8</sup>**

GROSS PRODUCTION VOLUMES (GPV)		Ming Pao	Epoch Times	Georgia Straight	Total
Reported GPV for 2016 Adjustments		2,384.53	184.95	479.09	3,048.57
Revised 2016 Estimates		-	-	-	-
		<b>2,384.53</b>	<b>184.95</b>	<b>479.09</b>	<b>3,048.57</b>
RESIDENTIAL PRODUCTION VOLUMES (RPV)		Ming Pao	Epoch Times	Georgia Straight	Total
Reported RPV for 2016 Adjustments		1,190.64	184.95	283.52	1,659.11
Revised 2016 Estimates		5.68	(6.95)	23.88	22.60
		<b>1,196.32</b>	<b>178.00</b>	<b>307.40</b>	<b>1,681.71</b>
CATEGORIES OF PPP		Ming Pao	Epoch Times	Georgia Straight	Total
<b>I) NEWSPRINT</b>					
Reported in 2016 Adjustments		730.22	184.95	283.52	1,198.69
Revised 2016 Estimates		0.06	(6.95)	23.88	16.98
		<b>790.28</b>	<b>178.00</b>	<b>307.40</b>	<b>1,215.67</b>
<b>II) MAGAZINES</b>					
Reported in 2016 Adjustments		460.42	-	-	460.42
Revised 2016 Estimates		5.62	-	-	5.62
		<b>466.04</b>	-	-	<b>466.04</b>
<b>III) PLASTIC &amp; LAMINATES</b>					
Reported in 2016 Adjustments		-	-	-	-
Revised 2016 Estimates		-	-	-	-
<b>IV) OTHER PRINTED PAPER</b>					
Reported in 2016 Adjustments		-	-	-	-
Revised 2016 Estimates		-	-	-	-
<b>V) OTHER PACKAGING</b>					
Reported in 2016 Adjustments		-	-	-	-
Revised 2016 Estimates		-	-	-	-

<sup>8</sup> 2016 data was scoped in for three new participating producers. Other Producers' 2016 data was reviewed as part of the prior year internal audit.