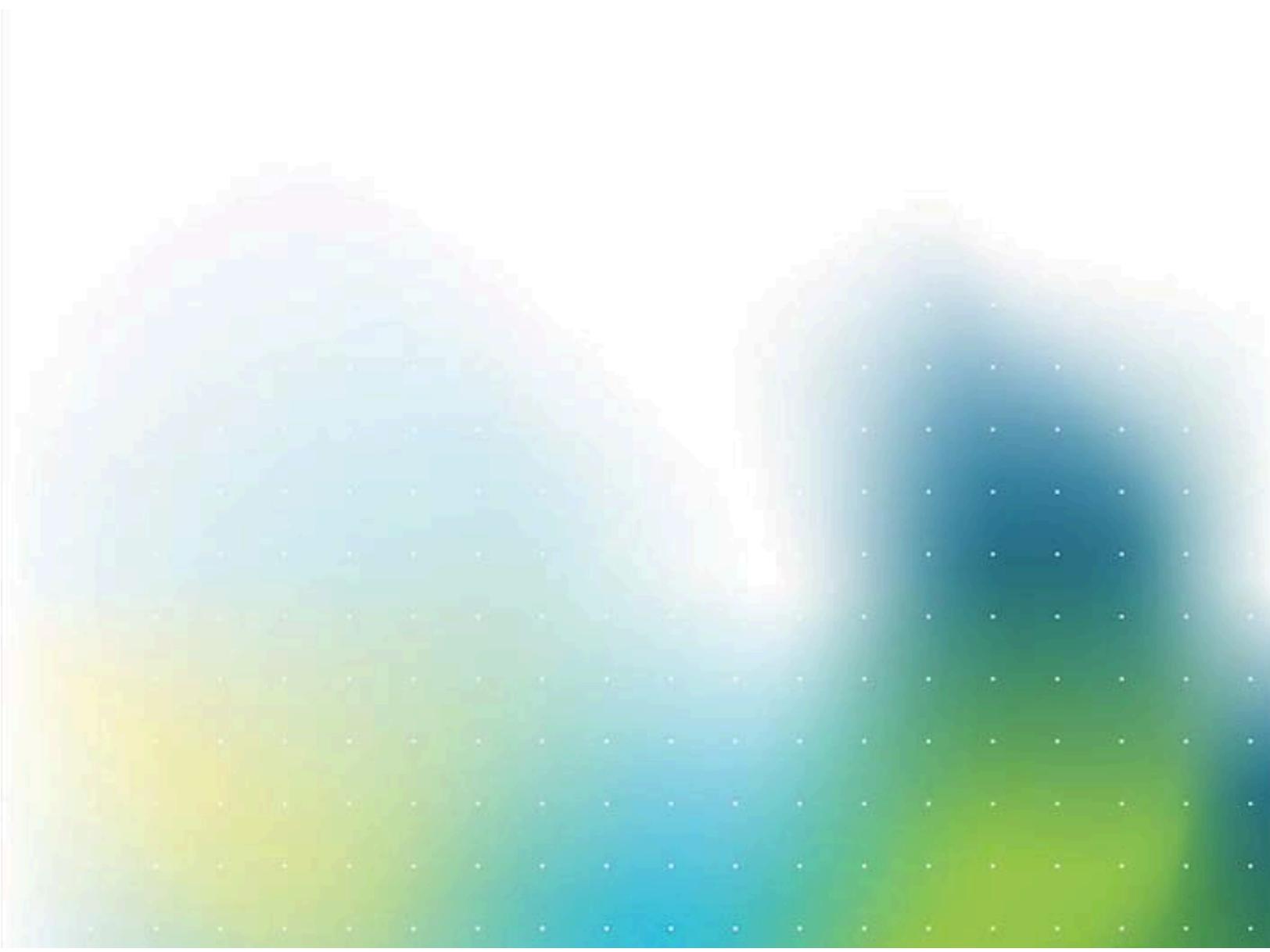




EPR UPDATES: CANADA, USA & EUROPE

WINTER 2015 | VOL. 2 ISSUE 4



INTRODUCTION



Welcome to the 4th Quarter 2015 EPR report.

We are getting plenty of questions these days about Extended Producer Responsibility programs and, in particular, about three specific programs:

1. Waste-Free Ontario: Building the Circular Economy – Everyone wants to know what the proposed new waste legislation means for stakeholders: producers, municipalities, service providers and consumers?
2. CalRecycle and the Manufacturers Challenge – How serious is California regarding a potential EPR program for packaging? Can manufacturers provide proposals and reassurances that voluntary programs can work?
3. Proposed EU legislation for the Circular Economy – What can we learn from Europe about boosting recycling rates above 75%?

As such, our report will be focused on these three trending topics:

1. Waste-Free Ontario

Ontario recycling performance data, 2014:

Tonnes generated: 1,368,160

Tonnes collected: 900,135

Recycling rate: 65.8% vs provincial goal of 60%

Total fees collected: CD\$106MM vs. total costs \$229MM

The Honorable Glen R. Murray, Minister of the Environment & Climate Change has proposed *Bill 151, Waste-Free Ontario Act, 2015 - An Act to enact the Resource Recovery and Circular Economy Act, 2015 and the Waste Diversion Transition Act, 2015 and to repeal the Waste Diversion Act, 2002*. A draft waste diversion strategy was introduced on November 26th, 2015 and is now open for a 90-day public consultation process through February 29th, 2016.

A copy of the draft strategy can be found [here](#).

Bill 151 legislation can be accessed [here](#).

The Recycling Council of Ontario is offering [two webinars](#) – Jan. 12th (EPR) and Jan. 14th (IC&I)

PAC NEXT will also offer a webinar for our members between late January and early February.

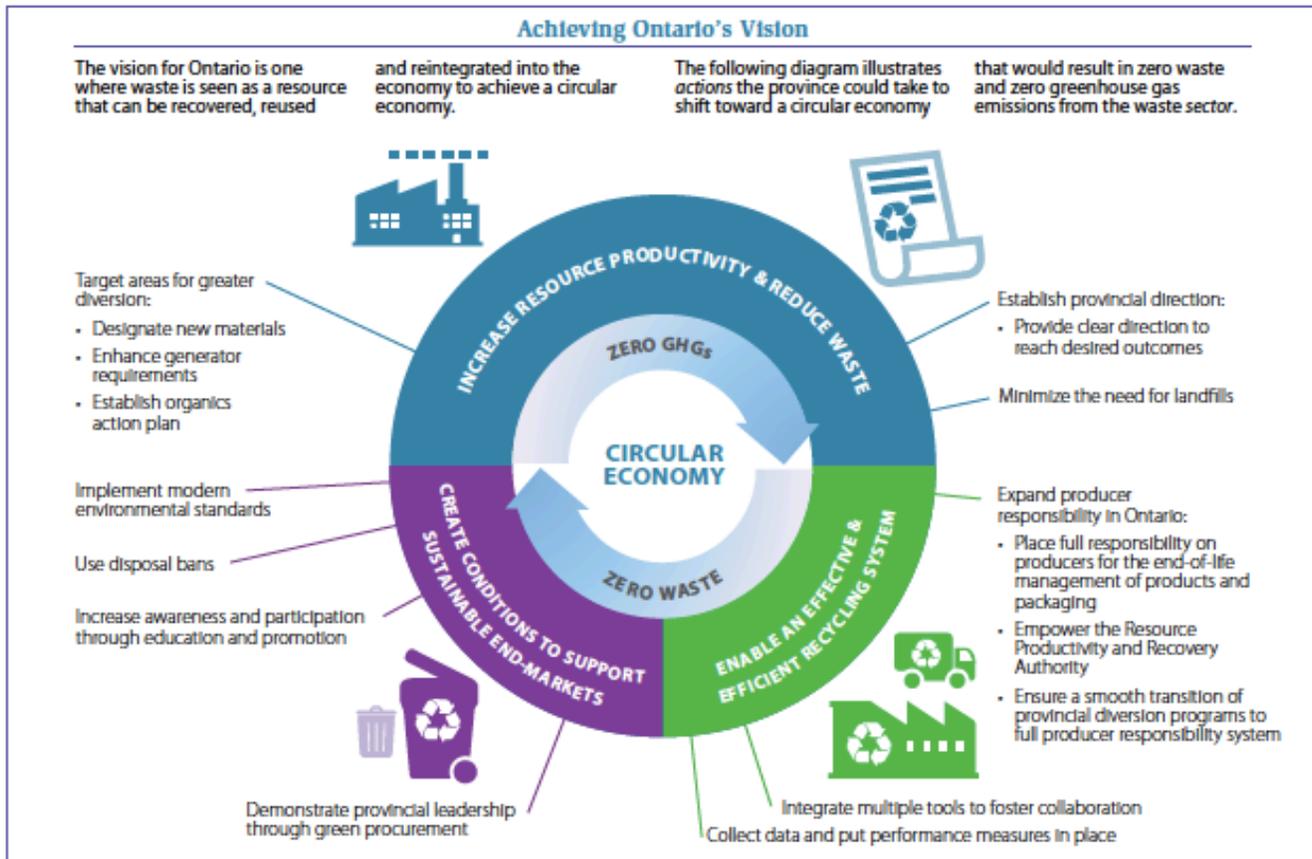
Timing and speakers to be confirmed.

Ontario Waste Management Association (OWMA) has provided a brief synopsis on their [website](#) and will be providing updates throughout the consultation period.

Here is the *who, what, where, why* and *how* overview as it relates to the Blue Box program followed by some thoughts and potential watch-outs as the consultation process progresses: (*continued on next page*)

Who?

- Province of Ontario - shifting Ontario towards a circular economy and a more innovative, zero waste future
 - Stakeholders
 - Producers
 - Municipalities
 - Service providers
 - Consumers



Source: Draft Strategy for a Waste-Free Ontario – Building the Circular Economy

What?

- Implement FULL producer responsibility for the Blue Box program for single and multi-family residences and set-up a packaging program for IC&I sector
- Place FULL responsibility on producers for end-of-life management systems / programs
- Pass the FULL cost burden for Blue Box programs from municipalities and taxpayers to producers
- Replace Waste Diversion Ontario (WDO) with proposed **Resource Productivity and Recovery Authority** (“**Authority**”) – Authority would operate a data clearinghouse and undertake compliance and enforcement to assess producer performance.
- Close existing IFO i.e. Stewardship Ontario. Producers would need to register with the Authority and negotiate agreements with municipalities or service providers as needed to enable them to meet their obligations individually, collectively or through third-party delivery.

Why?

- Ontario waste generation continuing to increase - projecting 40% more waste by 2050 requiring 16 new landfills if nothing changes
- Ontario's waste diversion rate has stalled at 25% over the last decade
- Costs to municipalities and taxpayers continue to increase
- In 2015, the Blue Box program cost over \$229 million shared between producers and municipalities. It is believed that passing the full cost to producers will result in significant savings for taxpayers?

Where?

- Single family residence
- Multi-family residence – an outage today – requires more educational support
- IC&I sector – another outage today - proposing a stakeholder working group to explore best approach (EPR not necessarily best answer for this sector)

When?

- The Blue Box waste diversion program will require a customized transition process to ensure no disruption of services to residents.
- Transition of MHSW and WEEE and Used Tire programs are targeted to be completed within 2-3 years. The Blue Box transition may take longer (up to 4 years) due to expected more extensive consultations between government, municipalities and producers.

How?

- Blue Box transition will require cooperation among municipalities, service providers, producers (either individuals or collectively) and the Authority.
- Consultation will consider:

Changing roles and responsibilities for the operations

Opportunities for municipal integrated waste management systems to support producer responsibility

How to address municipal contracts and assets and how to avoid "stranded" assets as contracts for collection and post collection management potentially change.

Opportunities to harmonize materials collected across Ontario and type of collection activities undertaken

Opportunities to lower overall costs

Status of regulation 101/94 under the environmental protection act (3R's reduce, re-use, recycle)

How to stimulate markets for recovered materials

Potential watch-outs (to name a few):

- Alignment needed on what FULL producer responsibility really means – Will industry get FULL oversight of system design, operations and funding as was the case in BC? Or, will this really be another variation of a Partial EPR program where the Authority has final decision-making power?
 - Will municipalities be prepared to sign-up?

- Will provincial government and the new Authority collaborate on setting realistic goals and measures (is 75% recycling rate the new standard)? How much oversight should the Authority have if Industry is paying and operating? Who really runs the show?
- Alignment on cost expectations - What are the real costs of running an effective Blue Box program that can increase current collection and recovery rates? Will taxpayers really see savings and will producers “pass” these EPR costs on?
- Alignment on goals and definition of diversion - Ontario does NOT accept EfW and alternative fuels as diversion and yet there continues to be a residuals waste stream that offers calorific value versus landfill.
- Where does the Canadian Stewardship Services Association (CSSA) fit in?
- Will industry need to set-up a new IFO ca. MMBC? Should there be a single IFO or multiple IFO's to create more competition?

The role PAC NEXT can play:

- This process brings focus to The PAC NEXT Way (refer to pacnext.com and [video](#)).
- We believe that the principles shared here are relevant to the proposed changes in Ontario and offer the basis for broad collaboration across the packaging value chain:

Goal - To minimize recovery system costs, while maximizing recycling rates and the value of recovered materials. The long-term goal is to offset the cost of recovery with the value of the materials recovered.

Materials - All materials must be recovered

Landfill Bans - Landfill bans for ALL recyclable materials

Recovery Solutions - Reduce, Optimize, Reuse, Recycle, Compost, Upcycle, Recover and Energy-from-Waste are all acceptable recovery solution and should be part of an integrated waste management system.

New Packaging - Encourages adoption of the PAC NEXT Designing for Packaging Optimization for all new packaging or the enhancement of existing packaging.

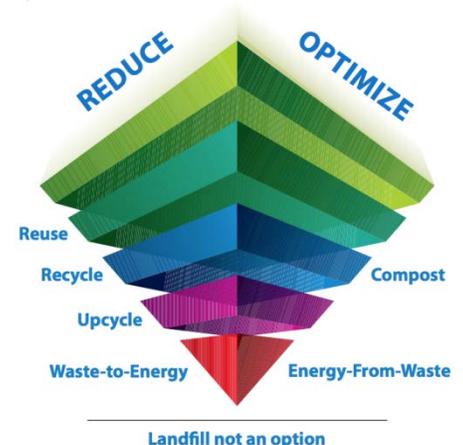
New Materials Introduction Process - Encourages auditing of all new materials related to the recovery process using the PAC NEXT Decision Trees prior to commercialization.

Harmonized Recovery - National policy regulations for the recovery of packaging materials must be harmonized federally, by province and at the municipal level.

Harmonized Reporting - Adoption of a national reporting system (e.g., approach currently being developed by the Canadian Stewardships Services Alliance) to reduce administration costs and to improve the accuracy and timeliness (monthly) of reporting.

Standard of Service - Minimum and standardized level of service for all municipalities to improve participation and maximize potential recovery through convenience.

Consumer Communications - Consistent harmonized communications from municipality to municipality. The plan needs to engage, educate, and inform consumers on the recovery of packaging material for both single and multi-family homes.



We welcome your thoughts and inputs on these important and pending changes to the waste management program in Ontario.

2. CalRecycle and the Manufacturers challenge



California data, 2013 (estimates - there are no mandated tracking or auditing requirements)

Total tons: 74MM (n.b. 1 US ton = 2000lbs)

Recycled tons: 37MM (estimates for source reduction, recycling and composting)

Source: <http://www.calrecycle.ca.gov/Publications/Documents/1546/20151546.pdf>

The California Legislature and Governor Brown set an ambitious goal of 75% recycling, composting or source reduction of solid waste by 2020 calling for the state and the Department of Resources Recycling and Recovery (CalRecycle) to take a **statewide** approach to decreasing California's reliance on landfills. You can read details about California's 75% initiative here: <http://www.calrecycle.ca.gov/75Percent/> To reach the goal, an additional 23 million tons will need to be recycled, reduced or composted in 2020, based on an estimated 80 million tons of solid waste generated.

Extended Producer Responsibility (EPR) is one of several strategies being proposed to help achieve the goal. As such CalRecycle has set up a Manufacturer's Challenge Workshop on January 5th, 2016 in Sacramento, to hear industry voluntary commitments for recovering packaging from landfills to reach statewide recycling goals and to deliver a 50% reduction in packaging going to landfill by 2020. The workshop will consist of a series of presentations from across the spectrum of US based associations that represent the packaging industry – the list of associations is impressive:

- Panel #1 - The Carton Council, American Chemistry Council, Foodservice Packaging Institute, Glass Packaging Institute
- Panel #2 - Closed Loop Fund, Recycling Partnership
- Panel #3 - Western Plastics Assn., SPI, Plastics Industry Trade Assn., Ameripen
- Panel #4 - Grocery Manufacturers Assn., American Beverage Assn., American Forest & Paper Assn.

Potential watch-outs ahead

- Will all of these groups be on the same page when it comes to highlighting the benefits of voluntary approaches versus mandated approaches to material collection and recovery? Can they collaborate to create a coherent plan that works for California? Could this become a model nationwide?
- Can current voluntary success stories be scaled sufficiently across the width and breadth of the entire packaging value chain to impact investment in technology and infrastructure, enhance consumer education and participation, and ultimately increase overall packaging recovery?
- What is the role of container deposit programs e.g.. the California Redemption Value (CRV) fees on glass bottles and Aluminum cans help recover high quality, low contaminated materials today.

PAC NEXT will be joining the all-day webinar and listening with interest.

3. Proposed EU legislation for the Circular Economy

EU data, 2012

25 EU member states have implemented EPR in national packaging waste policies

€3.1 Billion of estimated annual fees paid by producers to industry and non-industry owned packaging EPR schemes

47% packaging recycling rate in the EU-15 in 1998

65% packaging recycling rate in the EU-27 in 2012

Sources: [EU Circular Economy Factsheet](#), [EU Circular Economy Strategy](#)

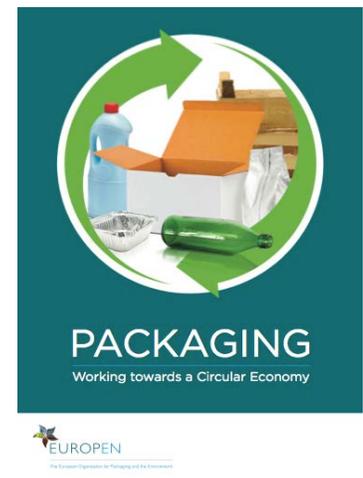
To note that the European Commission has released its new Circular Economy Package with revised targets - recycling 65% of municipal waste and 75% of packaging waste by 2030; and a binding target to reduce landfill to a maximum of 10% of all waste by 2030.

The proposal also considers a strategy on plastics in the circular economy and the issue of marine litter.

We wanted to take the opportunity to highlight a recently published report ***Packaging: Working Towards a Circular Economy*** by Virginia Janssens, Managing Director, EUROPEN (European Organization for Packaging and the Environment)

Synopsis: “A Well functioning EU Internal Market is a precondition for a competitive, resource-efficient and growth-oriented Circular Economy. The report looks at how to move away from linear production and consumption to a circular economy? To an economic model where there is virtually no waste but more secondary raw materials that can be re injected in a European Circular Economy. The much-debated Circular Economy Package (CEP) will be launched by the European Commission (EC) by the end of 2015 impacting many business models and sectors. The report examines related policy and market challenges and opportunities for the packaging supply chain in Europe from the perspective of the EU Internal Market.”

Click [here](#) for the report.



Another useful link is the EUROPEN factsheet on EPR for used packaging that can be accessed [here](#).

Virginia will be writing the guest column in the upcoming PAC NEXT 1st Quarter 2016 EPR report.

Hope that you have enjoyed this quarterly update and found the links and comments useful.

Alan and Rachel

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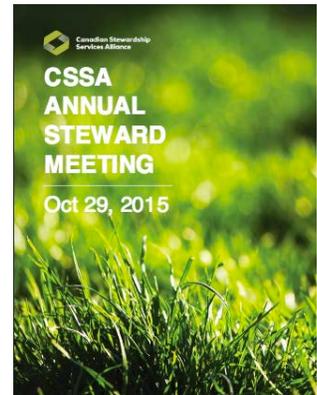
OTHER NEWS

CSSA Holds Annual Steward Meeting in Toronto

The Canadian Stewardship Services Alliance (CSSA) successfully held their annual steward meeting by the Toronto Pearson International Airport on October 29th, 2015. Guest speakers included Maria Kelleher of *Kelleher Environmental*, Al Metauro of *Cascades Recovery* and *Green By Nature EPR* and Jerry Powell of *Resource Recycling*. You can view their presentations here:

- [Maria Kelleher - Evolving Tonne](#)
- [Al Metauro - Smart Design for Recycling Supply Chains](#)
- [Jerry Powell - Insights into Recycling Commodity Markets](#)

You can read the latest updates for stewardship programs under CSSA in their pre-read document found [here](#).



Vancouver votes to fully transition recycling collection to MMBC

On November 17, the City of Vancouver announced that it had made a decision to transition responsibility for recycling collection services to [Multi-Material BC \(MMBC\)](#) for single family curbside residences and multi-family buildings. This means that MMBC will take on direct responsibility for operating recycling collection services in the City of Vancouver. Read the Council report [here](#).

Saskatchewan Government Approves MMSW's Stewardship Plan

The Saskatchewan Minister of Environment, Herb Cox, [approved MMSW's revised Stewardship Plan](#). The Minister issued the announcement on October 28th in a news release available [here](#). Managing Director, Allen Langdon, presented MMSW's 2016 budget and fee schedule at CSSA's Annual Steward Meeting on October 29th. MMSW plans to launch its program on January 1, 2016, when MMSW members will start to share the cost to recycle their waste packaging and paper with municipalities.

First \$4 million investment for Éco Entreprises Québec's Innovative Glass Works Plan

On December 11th, Éco Entreprises Québec (ÉEQ) [announced its first investments in its Innovative Glass Works plan](#), which opens the way for the launch of demonstration projects to equip several sorting centres with innovative glass processing and cleaning machinery, in collaboration with partners in Québec and from abroad. The selected technology has proven its worth abroad in mixed recyclable materials sorting and will be tested in Quebec sorting centres over the next few months.

HELPFUL LINKS

BC

<http://multimaterialbc.ca/notices-archive>

Alberta

<http://esrd.alberta.ca/waste/>

<https://www.recycle.ab.ca/public-policy>

Saskatchewan

<http://www.mmsk.ca/notices-alerts>

Manitoba

<http://stewardshipmanitoba.org/mmsm/whats-new/>

Ontario

<http://www.stewardshipontario.ca/latest-news/>

<http://www.wdo.ca/news/>

<https://www.rco.on.ca/wra-overview--timeline>

Quebec

<http://www.ecoentreprises.qc.ca/news-and-events>

Nova Scotia

<http://www.novascotia.ca/nse/waste/>

Canadian Stewardship Services Alliance

<http://www.cssalliance.ca/latest-news>

U.S.

<http://www.epa.gov/solidwaste/nonhaz/municipal/msw99.htm>

Europe

http://ec.europa.eu/environment/waste/target_review.htm

<http://www.europen-packaging.eu/downloads/1608.html>

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