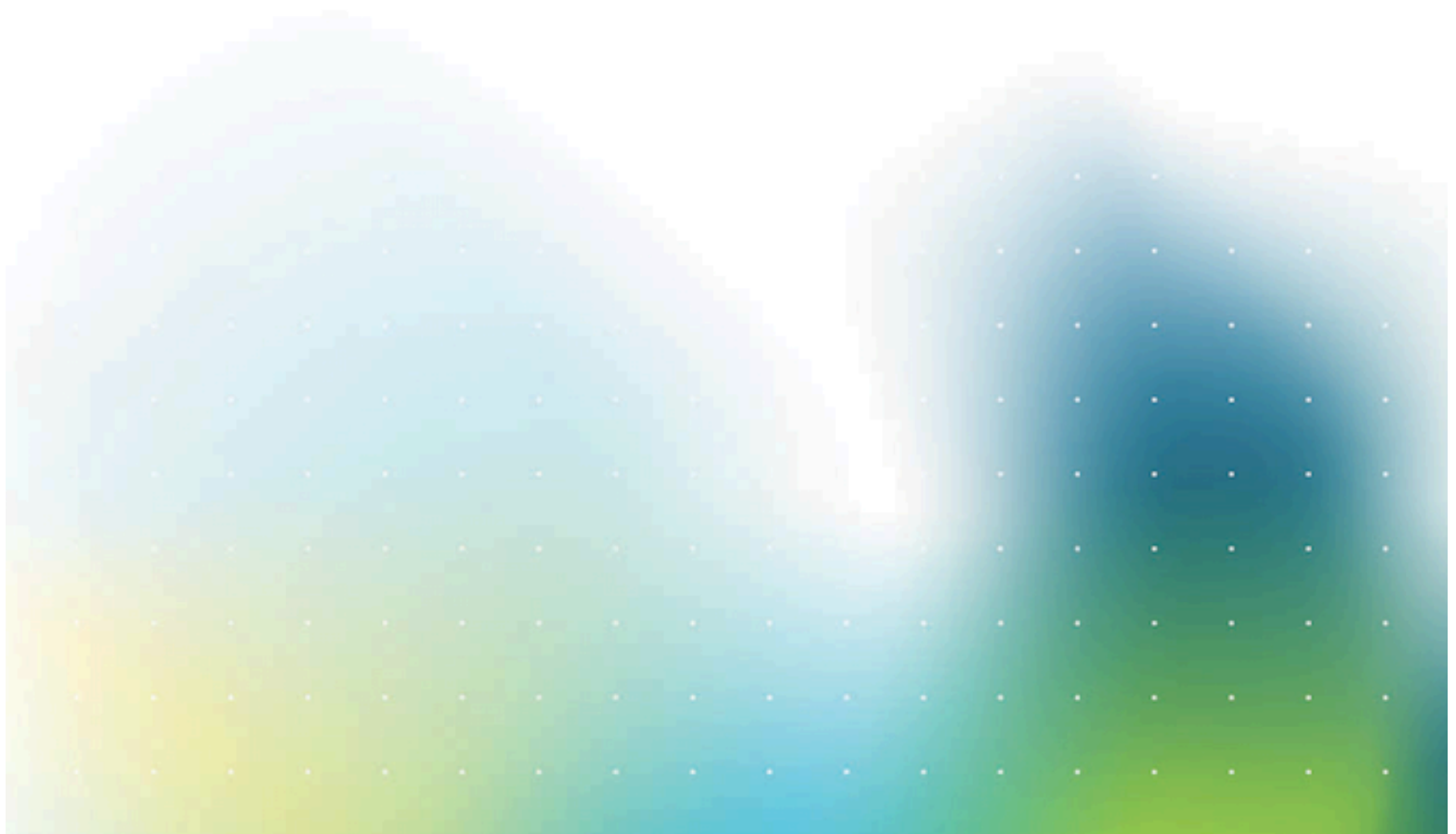




EPR UPDATES: CANADA, USA & EUROPE

SPRING 2015 | VOL. 2 ISSUE 1



INTRODUCTION

Welcome to the first PAC NEXT quarterly EPR report for 2015. As you will see we are revamping this report to reflect members' feedback to share EPR updates not only for Canada but also for the USA and Europe. Guest columnists are also invited to share their perspectives on local, regional and national EPR programs. In this respect, we are delighted to have Al Metauro, President & CEO of Cascades Recovery, share his perspective on what EPR should mean to stakeholders across Canada in this issue.

Our goal is to create an open forum to share information on EPR programs around the world and to encourage candid discussion on what are the real expectations from stakeholders. I am often involved in conversations about packaging that is recyclable or compostable, however, the reality often is that these materials do not actually get recycled or composted for a whole range of reasons (e.g. complex design, mixed material combinations, consumer confusion, lack of infrastructure or technology for separation and sorting, contamination, lack of end markets) and subsequently end up going to landfill or incineration.

As a result, PAC NEXT has developed a set of core principles, referred to as [The PAC NEXT Way](#), which ultimately challenges all stakeholders across the packaging value chain to drive consensus (and action) on what needs to be true to:

- Minimize recovery system costs
- Maximize recycling (and composting) rates and the value of recovered materials
- Create the market conditions whereby the value of materials recovered offsets the cost of recovery

We look forward to featuring more information on the above items in future quarterly reports. In the meantime, I welcome your comments and feedback on how you see the challenges and opportunities of delivering significantly higher recovery and recycling rates for ALL packaging materials (currently about 35% in USA, 55% in Canada, 65% in EU).

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FEATURE COLUMN

EPR AND THE PRODUCER

Al Metauro, President & CEO, Cascades Recovery



BC regulation commits the Producer to an extended responsibility when it comes to any Printed Paper and Packaging (PPP) they choose to use in delivering their product to the consumer. There is no other regulation in North America that obliges the producer to take on the responsibility for their PPP in a similar manner (Quebec is 100% producer responsibility, albeit without control). Extending the responsibility to include both the management of their spent PPP as well as associated costs, creates a new market space; a space that places the burden for recycling on the Producer.

With many points of view and resulting definitions surfacing to describe EPR, until you are smack in the middle of having to comply, it's difficult to understand what true (or real) EPR really means. When compliance restricts you from selling your product in a market unless, as a Producer, you are prepared to follow the resident home and take away any PPP used to deliver the product, EPR brings new meaning to Responsibility.

The Blue Box program is core to the recovery of PPP. This is a well established system that is readily available to a large percentage of consumers across North America. The Blue Box is what separates North America from Europe. As North America has a well defined recovery infrastructure in place, what's the challenge?

The Blue Box is considered an icon for municipal recycling programs. It also represents a costly, fragmented system tailored to those municipalities that are responsible for program operations. Although driven to recover PPP for the purpose of diverting it from landfill, there is no connection between their municipal mandate and the Producers who generate the PPP that fills the Blue Box day in day out. Even with the Blue Box recovery infrastructure in place, as a Producer, there is no assurance that a Producer's PPP will make it into the Box. More importantly, will what a Producer pays be justified and reasonable?

Producers are not in the business of collecting their spent PPP and have come to realize that aside from directly funding municipalities, there is no off-the-shelf solution to which they can turn. In the absence of any alternative, in BC, the Producers created their own solution, Multi-Material British Columbia - MMBC. As an agency administered by Producers and whose clients are Producers, MMBC has entered this new space with a mandate to deliver a best cost system by managing the supply chain from the collection of PPP to the post-collection processing and marketing. And why shouldn't they? It is clearly their responsibility...and it is their money.

The proper management of the existing Blue Box system will ultimately deliver the lowest cost system and meet or exceed the recovery rates defined in the regulation. For the Producer who joins MMBC, the decision is driven primarily by the benefits that MMBC can deliver through their plan. By taking on the management responsibility of the system, MMBC, on behalf of the Producer, is re-engineering a fragmented system and introducing a system that is customized to meet their regulatory obligations all while respecting Producer's needs and expectations.

There are Producers who question EPR. Some have issues with the fees. Others are asking why they should pay if their PPP is not being collected. Many have no idea how to design for a positive end of life for their PPP, and among other questions, there is a general sense that EPR is at best better tolerated rather than accepted. As Producers gain a better understanding of the BC solution they will realize they are operating their own recovery system and MMBC is well positioned to overcome their concerns.

As EPR establishes its place in North America and municipal and private sector service providers come together into a cohesive network, they will be able to achieve recovery of PPP from the consumer and shepherd it to a responsible end-of-life. Once this is realized, the more challenging issues can be addressed: defining the collection and funding rules for PPP that are recyclable versus PPP that are not; the role of engineered fuel; calculating fair fees; managing the changing PPP composition; and, ultimately, as all PPP is part of the program, collecting all PPP.

CANADIAN NEWS

Select Provinces Adopt National Voluntary Steward Policy

[The Canadian Stewardship Services Alliance](#) (CSSA) announced late last year that it has developed a single Voluntary Steward Policy and approval process in order to harmonize its packaging and printed paper programs. A voluntary steward is a non-resident brand owner, or first importer, who supplies packaging and/or printed paper into a regulated jurisdiction and has elected to assume responsibility for its material. Voluntary stewards relieve the resident retailer/distributor of having to report and pay stewardship fees on their brands. This concept is unique to Canada and CSSA introduces clear guidelines for determining which businesses are eligible to become voluntary stewards, unlike the previous definition of “voluntary steward” that differed across the country. Provinces eligible to apply to the program in January included Ontario, Manitoba, British Columbia and Saskatchewan. [Review the Voluntary Steward Policy details here.](#)

Recycling Council of Alberta Supports Stewardship Program for Agricultural Plastics

The [Recycling Council of Alberta](#) (RCA) has announced through letter its support of the recent resolution passed by the Agricultural Service Boards, stating that Alberta Environment and Sustainable Resource Development (AESRD) should implement a stewardship program for agricultural plastics. RCA believes that a provincially-regulated stewardship program is the sustainable solution to providing recycling options for agricultural plastics. The letter was sent to Alberta’s Minister of Environment & Sustainable Resource Development, and the Minister of Alberta Agriculture and Rural Development in mid-March. The letter can be read [here](#).



News from Waste Diversion Ontario

The 2015 [Waste Diversion Ontario](#) (WDO) Business Plan has been released and outlines the highlights of 2014, strategic priorities for 2015, a financial plan for 2015, and core business activities. The document is available [here](#).

In late February, WDO further updated the Payout Model to include InKind Program and arbitration cost adjustments to the Blue Box payments for March 2015. The revised Payout Model is available [here](#). Also released is the latest WDO CEO Update Report, available [here](#).

Don’t miss WDO’s [Annual Meeting](#) on Thursday, April 16th in Toronto!

Looking for Updates on the Waste Reduction Act?



The [Recycling Council of Ontario](#) is continuously providing news updates to the Waste Reduction Act, [available here](#). The Waste Reduction Act is legislation that replaces the current Waste Diversion Act, in effect reshaping how waste is managed in Ontario.

Éco Entreprises Québec holds Forum on Curbside Recycling Optimization and gains New Spokesperson

In January 28th, [Éco Entreprises Québec](#) (ÉEQ) held Quebec's first forum on curbside recycling optimization. The event brought more than 200 attendees, including packaging manufacturers, municipal representatives, and collection and sorting operators, to discuss ideas, practices and experiences. The event included a discussion panel, themed workshops, and discussions on how to move forward. More on the event [here](#).



(Image source: ÉEQ)

On ÉEQ's 10th anniversary, host and producer Éric Salvail became the first spokesperson for the recycling financing organization. Read about Salvail's planned contributions to ÉEQ [here](#).

Multi-Material Stewardship Western Last Minute Program Delays

In December, the Saskatchewan government made a number of significant changes to [Multi-Material Stewardship Western](#)'s (MMSW) approved Waste Packaging and Paper Stewardship plan due to be launched January 1st, 2015. These changes raise the revenue cutoffs and add additional transitional time for businesses, in effect, exempting more businesses than planned from the program, leaving fewer larger companies to subsidize the program. This has led MMSW to delay the beginning of this program until they can establish a new plan for program funding. The full report can be read [here](#).

US NEWS – CALIFORNIA, NEW YORK & MASSACHUSETTS

California's 75 Percent Initiative

California has set an ambitious goal of 75% recycling, composting or source reduction of solid waste by 2020 (n.b. recycling rate is about 50% today). Legislations calls for the state and the Department of Resources Recycling and Recovery (CalRecycle) to take a statewide approach to decreasing California's reliance on landfills.

Six focus areas are under consideration:

1. Moving Organics Out of the Landfill
2. Continuing Reform of the Beverage Container Recycling Program
3. Expanding the Recycling/Manufacturing Infrastructure: Permitting/Compliance Assistance and Financing
4. Exploring New Models for State and Local Funding of Materials Management Programs
5. Promoting State Procurement of Postconsumer Recycled Content Products
6. **Promoting Extended Producer Responsibility**

For more information: <http://www.calrecycle.ca.gov>

New York State

Legislators are proposing a bill to reduce packaging waste that would require all packaging to meet certain standards for reduction, reusability, recycled content or recyclability after January 1st 2018 – see link to EPI news alert [here](#). For more information: <http://www.dec.ny.gov>

Massachusetts Release New Packaging Bills

A new bill was filed in Massachusetts in February intended to reduce packaging waste throughout the Commonwealth. The bill will seek to mitigate packaging waste and the cost of packaging management by requiring producer-funded end-of-life management for packaging material through a Packaging Reduction and Recovery Fee. If passed, the program would be implemented starting January 2017.

US PERSPECTIVE – PRIVATE-PUBLIC PARTNERSHIPS AT TOP OF AGENDA

As requested by PAC NEXT members, now included is the following section that brings news about EPR and packaging recycling in the USA. The best available metrics come from the U.S. Environmental Protection Agency (EPA) and the 2012 report municipal solid waste (MSW) generation, Recycling and Disposal in the USA, found [here](#). The EPA have also prepared a promotional [fact sheet](#).

In 2012, the US generated about 251 million tons* of waste and recycled 65 million tons and composted 21 million tons equivalent to an overall 34.5% recycling rate. Another 29 million tons (11.7%) were incinerated for energy recovery.

Recycling rates for paper & packaging materials were as follows:

- Steel cans 70.8%
- Newspaper/ mechanical papers 70%
- Aluminum cans 54.6%
- Glass containers 34.1%
- PET bottles & jars 30.8%
- HDPE Natural (white translucent) bottles 28.2%

** 1 US short ton = 0.907184 metric tons*

One common theme that is coming through strongly at the moment is creating private-public partnerships to incentivize US municipalities to invest in infrastructure and communication programs to increase curbside collection of printed paper and packaging to increase recycling rates. Highlights as follows:

Carton Council

The Carton Council is committed to increasing carton recycling in the US. By promoting both recycling technology and local collection programs, they work to limit the number of cartons that become waste. Members include TetraPak, Elopak, SIG and evergreen packaging.

For more information: <http://www.recyclecartons.com>

Closed Loop Fund

The Closed Loop Fund is described as “Consumer Goods Companies and Retailers who are creating economic value by increasing recycling rates.” Members include WalMart, P&G, Unilever, 3M, J&J, Coca Cola, PepsiCo, Keurig, Colgate Palmolive, Goldman Sachs.

They will provide 0% interest loans to municipalities and below market interest loans to private companies to develop local and recycling infrastructure. They aim to invest \$100m over the next five years. Their goal is to ensure that all consumer products and packaging is recycled and returned for use in manufacturing new products and packaging and that all food waste is used for beneficial purposes such as donation to food banks or converted to compost or clean energy from anaerobic digestion. For more information: <http://www.closedloopfund.com>

Curbside Value Partnership (CVP)

The CVP promotes the Recycling Partnership – a collaborative, industry funded effort designed to boost residential recycling in the US. Funding partners include Alcoa, Amcor, American Chemistry Council, Coca Cola. See this [link](#) for list of sponsors.

US counties, municipalities and solid waste authorities seeking to improve their residential curbside recycling infrastructure can apply on-line for funding. Specifically, grants will provide funding for cart procurement and education and outreach programs. CVP will also provide successful applicants with tailored recycling education campaign materials to support the cart rollout, along with technical assistance for community recycling operations.

CVP officially awarded it’s first public grant to the City of Columbia, South Carolina where the funding will support a complete modernization of the city’s residential curbside recycling program.

For more information: <http://www.recyclecurbside.org>

Food Service Packaging Institute

The FPI sponsors the Foam Recycling Coalition which launched a new grant program to help fund infrastructure for the collection, processing and marketing of products made from polystyrene foam. The grant program targets the following post-consumer polystyrene foam products:

- Foodservice packaging (i.e. cups, plates, bowls, clamshells, cafeteria trays);
- Egg cartons;
- Meat trays; and
- Protective packaging (used when shipping electronics and other fragile items).

The coalition is seeking applicants involved in managing residential curbside recycling programs, drop-off recycling centers and commercial recycling programs. Material recovery facilities also are expected to apply for funding, especially those looking to add or strengthen a polystyrene foam program. Grants, available to both public and private sectors, will range from an estimated \$15,000 to \$50,000 each.

For more information: <http://www.fpi.org>

INTERNATIONAL NEWS

European Perspective

A EUROPEAN [Factsheet](#) highlights the following overview of EPR for used packaging:

- 25 EU member states have implemented EPR in national packaging waste policies
- Euros 3.1 Billion of estimated annual fees paid by producers to industry and non-industry owned packaging EPR schemes in Europe (excludes deposits scheme payments)
- 47% packaging recycling rate in the EU-15 in 1998
- 65% packaging recycling rate in the EU-27 in 2012

European Commission and the Circular Economy

In July 2014, the European Commission published a proposal to review recycling and other waste-related targets. The aim of the proposal is to help turn Europe into a circular economy, boost recycling, secure access to raw materials and create jobs and economic growth.

The main elements of the proposal include:

- Recycling and preparing for re-use of municipal waste to be increased to 70 % by 2030;
- Recycling and preparing for re-use of packaging waste to be increased to 80 % by 2030, with material-specific targets set to gradually increase between 2020 and 2030 (to reach 90 % for paper by 2025 and 60% for plastics, 80% for wood, 90% of ferrous metal, aluminium and glass by the end of 2030);
- Phasing out landfilling by 2025 for recyclable (including plastics, paper, metals, glass and bio-waste) waste in non hazardous waste landfills – corresponding to a maximum landfilling rate of 25%;
- Measures aimed at reducing food waste generation by 30 % by 2025;
- Introducing an early warning system to anticipate and avoid possible compliance difficulties in Member States;
- Promoting the dissemination of best practices in all Member States, such as better use of economic instruments (e.g. landfill/incineration taxes, pay-as-you-throw schemes, incentives for municipalities) and improved separate collection;
- Improving traceability of hazardous waste;
- Increasing the cost-effectiveness of Extended Producer Responsibility schemes by defining minimum conditions for their operation;
- Simplifying reporting obligations and alleviating burdens faced by SMEs;
- Improving the reliability of key statistics through harmonised and streamlined calculation of targets;
- Improving the overall coherence of waste legislation by aligning definitions and removing obsolete legal requirements.

The EUROPEAN [Factsheet](#) offers FAQ's in the context of this policy discussion as it relates to EPR for used packaging.

For more information: http://ec.europa.eu/environment/waste/target_review.htm

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>

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Disclaimer

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