EPR Programs in Canada

A Comparison of Printed Paper and Packaging Recovery Programs
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1.0 GLOSSARY OF TERMS

Deposit/Refund - Deposit/refund systems require consumers to pay a monetary deposit for a purchased product which is partially or fully reimbursed when the product is returned for re-use or recycling at the end-of-life.

Extended Producer Responsibility - Extended producer responsibility (EPR) is a policy approach in which a producer’s responsibility, physical and/or financial, for a product is extended to the post-consumer stage of a product’s life cycle.

Industry Funding Organization (IFO) – A term for a Producer Responsibility Organization

Industry Stewards - Commonly refers to brand owners, first importers and manufacturers of designated materials under extended producer responsibility (EPR) programs, destined for collection and reuse, recycling or environmentally sound management.

Paper Packaging – Includes corrugated and boxboard containers, gable top cartons, aseptic boxes, paper laminates and other paper packaging.

Packaging and Printed Paper (PPP) – Printed Paper and Packaging materials (that are comprised of glass, metal, paper, or plastic) that are managed in the residential solid waste stream (whether or not they are currently collected in a municipal program).

Printed Paper - Means any material that is not packaging, but is printed with text or graphics as a medium for communicating information.

Producer - The term “producer” is used to refer to brand owners, first importers and manufacturers of products and packaging. “Producers” are referred to as “industry stewards” when they are legally obligated to recover and recycle their products and/or packaging at end-of-life.

Producer Responsibility Organization (PRO) - A “producer responsibility organization” (PRO), usually a not-for-profit organization or an industry association, is the entity designated by a producer or producers to act on their behalf to administer an extended producer responsibility or product stewardship program. In Canada, a PRO may also be referred to as a “stewardship organization,” an “industry funding organization” or a “delegated administrative organization”.

Product Stewardship (PS) - Product stewardship initiatives are end-of-life management programs for designated products, in which producers (i.e. brand owners, importers or manufacturers) are either directly responsible for program funding or operations. Programs may be financed through public funds or through revenues generated by legislated fees at the point of sale.

Service Provider - Means a person or organization who is contracted or otherwise engaged to provide a service related to the management of the product and/or program

Shared Responsibility - Programs identified as “shared responsibility” are in part industry funded and/or operated. These programs are often the result of an agreement, partnership or in some cases industry stewards may be designated by law to provide funding for a specific program.
Stakeholder - Means a person or organization whose interests will be or are affected by the provisions of a proposed plan or the operation of an existing plan, and includes a consumer, retailer, service provider, brand-owner, producer, local government, public interest group, First Nations, or any other person or class of persons whose interests, in the opinion of the director, are or will be affected.

Steward – Name given to obligated person or company who is a brand owner or first importer of any material that is covered in a Product Stewardship program.

Stewardship Program Plan - A “stewardship plan” or “program plan” sets out how designated producers will meet their legal obligations to collect and recycle their products or packaging once they have reached their end-of-life. Generally, stewardship plans may include details on how end-of-life products or packaging are to be collected and recycled, how program performance will be measured, targets for collection, reuse (where applicable), recycling and public awareness, timelines for implementation, program funding and reporting protocols. Producers are commonly responsible for preparing their own individual stewardship plans or can join a collective stewardship program under a “producer responsibility organization”.
2.0 EXECUTIVE SUMMARY

In Canada, there are Packaging and Printed Paper (PPP) programs in a number of Provinces: British Columbia, Saskatchewan (in development stage) Manitoba, Ontario and Quebec. In these jurisdictions, the obligation as a steward is to provide information, payment (fees) and the like for the PPP materials that it produces. The remaining provinces and territories do not have programs in place that require any obligation on the part of PPP stewards at this time.

The PPP programs across the country, while sharing similar principals, are different in design and have different levels of funding.

British Columbia is implementing (at the time of writing) a full Extended Producer Responsibility (EPR) program, the first full EPR PPP program in Canada. Saskatchewan is scheduled to begin its PPP program in 2015 and the EPR model that it is designed on is similar to the Manitoba model, that has been in place since 2010. The Saskatchewan program is designed to provide 75% of the net costs, the Manitoba program is 80% of the net costs. The Ontario program is the oldest operating PPP program, and is designed to provide 50% of the net operating cost of the provincial program.

The Ontario program publishes both operational and financial information, and has so since 2003, of the municipal programs. Example Ontario program data, for a large sized, medium sized and small sized program are used and applied to the other provincial PPP programs to demonstrate the different funding levels for each provincial program.


3.0 INTRODUCTION

Product Stewardship

In Canada there is a trend to move the responsibility of handling certain waste materials away from the municipal sector and have the onus placed on the manufacturer/producer of the product. This is the concept of Product Stewardship, which can be defined as the act of minimizing health, safety, environmental and social impacts, and maximizing economic benefits of a product and its packaging throughout all lifecycle stages. The producer of the product has the greatest ability to minimize adverse impacts, but other stakeholders, such as suppliers, retailers, and consumers, also play a role. Stewardship can be either voluntary or required by law.1

Product Stewardship (PS) programs are most often designed so that the steward (normally defined as the manufacturer/producer or first importer) has a responsibility for a program that will collect, handle and recycle/dispose of the materials in a prescribed fashion. A PS program is usually legislated by the required governmental authority (Provincial) and then sets up or appoints a Producer Responsibility Organization to ensure the program is operated in the prescribed fashion. Product Stewardship programs may not be required to provide the full cost to operate the program, there may be costs borne by other stakeholders, most often municipalities who might be delivering the relevant diversion services. Stewards typically are required to provide payment for the program and may have obligations or the ability to provide input to program development options. A common obligation for stewards in PS programs usually is reporting on amounts/volumes of materials produced by them and providing payments for the program operations.

Extended Producer Responsibility (EPR) is a type of product stewardship that includes, at a minimum, the requirement that the producer’s responsibility for their product extends to post-consumer management of that product and its packaging. There are two related features of EPR policy: (1) shifting financial and management responsibility, with government oversight, upstream to the producer and away from the public sector; and (2) providing incentives to producers to incorporate environmental considerations into the design of their products and packaging.2

With ERP programs the onus to the steward is for the entire program, from design to operation to ultimate disposal of the materials. This means that the designated material stewards have the full responsibility to ensure that their materials are collected and handled in a fashion that meets or exceeds the prescribed outcomes for the program. The governmental authority does this through legislative means, and does not (usually) undertake the design or operation of the required program. The

1 Product Stewardship Institute definition http://productstewardship.us
2 Product Stewardship Institute definition http://productstewardship.us/
responsibility falls on the individual steward to either develop a program to handle their materials that they produce or to be part of a larger organization that provides the service.

**Canadian Situation**

In Canada, the responsibility for waste management is at the provincial (territorial) level of government. The provincial governments are the jurisdictions that provide policy and regulation for the waste programs within their respective boundaries, which is the reason for the differing standards and programs across the country. The Federal government does have legislative authority to regulate some aspects of waste and materials (toxic materials for example), but in general plays more of a facilitative, regulator type role for waste management.

The Canadian Council of Ministers of the Environment (CCME) [http://www.ccme.ca/index.html](http://www.ccme.ca/index.html) is a federal/provincial group, representing all provinces, territories and the federal government, that discusses national environmental priorities, seeks to achieve positive environmental results, focusing on issues that are national in scope and that require collective attention by a number of governments. In 2009 the CCME released the “Canada Wide Action Plan for Extended Producer Responsibility” [http://www.ccme.ca/assets/pdf/epr_cap.pdf](http://www.ccme.ca/assets/pdf/epr_cap.pdf) which affirms that the approach to implementing EPR programs for various materials is the preferred policy for handling waste. As part of this action plan, the list of targeted products/materials to be initially focused on include; paper and packaging as well as electrical equipment. While this is not a binding document, it does demonstrate that there is consensus across the country to expand the role of EPR in waste management initiatives.

Currently there are Packaging and Printed Paper programs in a number of Provinces: British Columbia, Saskatchewan (in process of being implemented), Manitoba, Ontario and Quebec, that require reporting and some obligation from stewards to provide information, payment (fees) and the like for materials that it produces. The other jurisdictions, Alberta, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador and the Northern Territories, have various product stewardship type programs but no direct PPP programs.
4.0 PROVINCIAL PROGRAMS EPR BASED

4.1 British Columbia

Legislative Setting

British Columbia (BC) is in transition in regards to a program for Packaging and Printed Paper (PPP), with the new Extended Producer Responsibility (EPR) program launching May 1 2014. There is a beverage container stewardship program in place in BC, which has been operating for over 10 years. The beverage container program is a deposit, refund program, and is operated as an EPR type program through the beverage industry producers/stewards.

Waste Management in BC is legislated through its Environmental Management Act (http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/03053_00). Since 1992, the Act has required Regional Districts (which are legislated through the Local Government Act) to submit for approval by the Minister of Environment a waste management plan (http://www2.gov.bc.ca/assets/gov/topic/382F2518755ED3B465CC76D12958A43B/garbage/guideswmplan.pdf). These plans detail how the jurisdiction will handle the wastes, including residential, commercial and institutional waste, that are generated within their boundaries. These plans have to include strategies that include reduce, reuse, recycle, plus recovery and residual management for their waste materials.

This legislation has directed that a regional approach for waste management be taken in the province, meaning the municipalities within the regions have had to co-operate on waste management initiatives. Also the Act allows, through the waste management plan implementation, municipalities to control and licence (to service providers) waste activities and facilities within their jurisdiction. The result of this is that there has been very limited municipal recycling infrastructure ownership in the province.

Under the Act, there is a Recycling Regulation (http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/449_2004) that is used to designate materials to be handled through a program that is specifically designed by producers (stewards) of the designated product. The regulation requires that producers develop a plan, either individually or through an organization acting on their behalf, to collect and handle the designated products throughout the province. The minimum threshold for recovery of the designated material is 75% and is overtly expressed in the regulations.

There is no requirement or mandate in the Regulation that producers have to co-operate or join any designated organization or authority for the development of a program plan. The producer organizations are usually not for profit corporations that are membership oriented and act on behalf of the producers (members) who are required to manage the material that they produce.
The program plans have to be developed through a regulated process that involves an extensive multi-stakeholder consultative component. The completed program plans are submitted to the Minister of the Environment (Ministry of Environment) for approval. The Minister can approve, reject or modify the submitted plan. Once approved, the Minister still has the authority to order a change to the plan at any time. The plans are updated every 5 years and resubmitted to the Minister for approval.

The beverage container deposit/return program was the first program plan approved and has been in place since 1998 (there was a provincial D/R program established in 1994).

The Recycle regulation includes a number of designated materials, such as tires, electronics and electrical items, hazardous materials and most recently PPP. The PPP program was designated in 2011, plans had to be developed and submitted to the Minister by the end of 2012, with an implementation date by mid 2014.

There is currently only one approved plan for the management of PPP in BC, that plan that is operated by Multi-Material British Columbia (MMBC) (http://multimaterialbc.ca/sites/default/files/documents/pdf/plan/MMBC-PPP-Stewardship-Plan-Apr8-2013.pdf). The MMBC organization is a non-profit, member based organization that will be operating the PPP program on behalf of their members (PPP material producers). Any producer can join the MMBC plan, which will allow them to be in compliance with the steward requirements detailed in the Recycling Regulation. MMBC is representing close to 850 registered producers in the province. All the registered producers in MMBC have informed the provincial government of their membership and as such have indicated that their requirement will be met by the MMBC plan. As a member of MMBC, producers have to provide funding and information to MMBC to maintain the program that is detailed in the approved plan. When the PPP program begins, the responsibility for directly handling and recovering PPP material will move to the producers (stewards)/members of the MMBC plan. This means that municipalities will not have the responsibility to ensure that PPP material is collected and recycled within their own jurisdiction.

However, there is no requirement that any producer has to join or be a member of any organization (including MMBC), individual stewards can develop and submit a program plan to handle their regulated material.

The beverage containers in BC are managed though the Beverage Container Stewardship Plan, which is operated by Encorp Pacific, the member based non-profit corporation representing the producers of the regulated beverage containers. A new/updated program plan for beverage containers has been submitted to the BC Environmental Industry (http://www.return-it.ca/stewardshipplan/) for the 2014-2018 time frame. Encorp Pacific has been operating the beverage container program since 1994 and it is anticipated that the submitted plan will be accepted by the government.
Program Synopsis

Overview

The MMBC developed PPP plan, that has been approved, will move the collection and diversion responsibility of PPP materials away from local governments to the producers. Unit May 2014, municipal governments were responsible for collecting and handling PPP materials through their waste management systems, that were in place as per their approved solid waste management plans. Municipalities either provided the service directly or contracted out the collection and processing services and the costs were fully borne by the municipality.

The PPP program that will be implemented in May will have 2 distinct components; the collection of PPP materials and post collection, the transportation and recycling of the collected materials.

Municipalities have 3 options that they have to consider for the program:

1. Provide services as a qualified collector. Municipalities would have to enter into a service agreement with MMBC for the collection service (either provide it directly or contract out the collection service to a contractor) and be paid as per the service agreement (per household price, P&E top-up and Administrative payment)
2. Decline as qualified collector. This means that the municipality will not take on any responsibility for collection of PPP materials and MMBC will be responsible for the provision of PPP collection services.
3. Decline as a qualified collector and opt out of the MMBC program. This means that the municipality will provide service to collect and process PPP materials at their cost and will not be eligible for any payments by MMBC. The households and material information from that municipality will be excluded from MMBC reporting and impact its performance targets.

Collection

The collection component is broken into 3 divisions, curbside collection, depot based collection and multi-residential collection. Any of these collection services can be provided by a qualified provider (private, municipal, non-profit, First Nation) individually or grouped together in a service area. In areas where curbside collection is currently carried out by the municipal program, curbside collection will continue in the PPP program. In curbside areas, depot collection will also be put in place (if they don’t already exist) to collect the PPP materials that are not accepted as part of the curbside program. In areas that did not provide a curbside collection for PPP materials, but have curbside garbage collection in place, curbside collection of PPP will be considered for implementation in addition to the depot based program in place. In areas where depot based programs were in place (no curbside collection) the depot based programs will be maintained. All collection programs will collect the same materials, as
outlined in the PPP program plan. In areas where not all plan materials were collected, the collection programs will be expanded to include those materials.

Multi-residential (MR) collection is a separate category for collection as part of the plan. The collection and tracking of material from MR locations will be kept separate from residential curbside collection in areas of curbside collection. If there is MR collection as part of an existing curbside collection program, the information on the program will have to be separated from the curbside residential program and be tracked separately.

The collection will be carried out by “Qualified” collection contractors, which can be municipal provided (either own forces or a contractor to the municipality) or a collector that has been contracted by MMBC directly.

Municipal provided collection services will be paid the curbside collection financial incentive (as set in the service agreement), for the provision of service. The collection incentive is a per household price that is based on:

- Household density in the collection area;
- Number of streams collected (single or multi-stream) with the provision that glass is collected separately from other materials (there is a separate incentive for glass paid per tonne);
- Performance bonus for reaching set thresholds of recovery of PPP material in the program for the year;

Along with the per household price for collection, there are additional incentive payments for promotion and education (has to be used for PPP program P&E efforts) and service administration (for acting as main point of contact).

If a municipal program cost to provide the collection services is greater than the amounts paid by MMBC to the service provider, then the municipality has to cover that additional cost. If the cost to provide collection services by the municipality is below the incentive payments, the municipality will receive the incentive payments and demonstrate revenue within their budget.

Multi-Residential collection services are open to municipal or private collection providers, as not all MR building receive municipal service. The collection incentive for MR is paid on a per household (unit) price based on:

- Number of streams collected (single or multi-stream), glass having to be separate
- Separate glass price based on per tonne
- Performance bonus per household for achieving set thresholds of recovery of PPP material in the program for the year

The promotion and education and service administration incentives are not available to private contractors for MR services, only to municipal controlled/contracted service providers.
Depot collection services can be provided by municipalities and First Nations as well as private contractors and not-for-profit groups. The collection services for depot programs are paid on a per tonne of material collected (as opposed to per household basis for curbside and MR programs), with the price based on:

- Material/material category collected
- If the depot is operated in a curbside collection area or a depot only collection area
- If the material is baled or left loose

There are certain materials in the PPP program, films and polystyrene items (EPS), that will only be collected at depot locations (http://multimaterialbc.ca/mmbc/sites/default/files/documents/pdf/procurement/MMBC-REOI-Post-Collection-PPP-Materials.pdf). As with the MR services, only municipal service providers will have access to P&E and service administration incentives.

**Post Collection**

The qualified collectors have to deliver the collected material to a designated post collection service provider (processor). The designated processor will be determined by MMBC, and the collection aspect will include the delivery location to the processor to be:

- Within 60 km of the municipal (service area) boundary if the service area is located outside the Metro Vancouver Regional District
- A 30 minute drive from the municipal (service area) boundary, based on typical mid-day traffic conditions in the area for a Metro Vancouver Regional District municipality.

The delivery location will either be a Material Recovery Facility or a transfer location.

The designated post collection service providers are engaged through an RFP process, undertaken by MMBC, that was open to any entity in the province. The processing component includes the receipt and transfer of materials to MRFs, where direct delivery of collected PPP is not possible based on distance from collection areas.

**Reporting and Financials**

All qualified collectors are required, as detailed in the service agreement, to provide, track and report information that the incentive payments are based on, to MMBC. In turn MMBC reports to the province, on an annual basis, the PPP program information that is required in the approved plan. The province, through the Ministry of Environment, monitors the program to ensure that it maintains the required recovery rates and service level provisions as indicated.

The program finances are handled through MMBC and there is no governmental (provincial) involvement. The producers of PPP who have delegated their responsibility for providing their PPP material commitment to MMBC are charged a fee, based on their material types, that is paid to MMBC.
This fee revenue is used by MMBC to pay out the collection incentives to the qualified collectors and post collection service providers. The revenue from the sale of processed recyclables is accrued by MMBC and used for its operating costs and payments.

MMBC has full control of the PPP program costs based on their agreements for collection and post collection services.

**Other Programs**

There is a deposit-refund program for all beverage containers except milk containers but includes wine and spirits, sold in the province. The container materials in the program include aluminum, steel, plastics, glass, polycoat, aseptic, pouches and bags (wine). The program plan has set recovery rates for the different containers that meet the legislated minimum of 75% recovery and or exceed the minimum.

This program is an EPR based program, that is operated though a stewardship plan that is developed by Encorp, the organization that represents the producers of the beverage containers. Any individual producer is able to develop their own program plan and submit to the government for approval.

The deposit program applies a deposit to the individual containers, that is redeemed when the container is taken back to a refund center. The deposit amount on the containers is set through provincial legislation. Along with the deposit, there is a non-refundable container recycling fee (CRF) that is also charged on the containers sold. This fee is used to help finance the collection and processing system for the containers. The CRF varies for containers based on container size and material. The deposit and CRF amounts are paid by the individual producers to Encorp, but the producers pass these costs to consumers and show these costs separately from the product price on sales receipts.

Beer containers are handled through a separate approved program. Beer containers and packaging are handled through a deposit system that operates independently of the beverage container program. The beer container program is managed by Brewers Distributors Ltd. Which represents the producers of beer into BC.

As mention in the previous section, the deposit containers are not included in the PPP program, but if they are collected through the PPP program, there are not considered contamination. The Deposit program does accept milk containers at its collection depots for recycling, although there is no deposit paid or given out for these materials. The PPP program will also accept milk containers in its program.

There are a number of other stewardship programs in the province for materials including:

- Electronics
- Cell Phones
- Electronic Toys
- Small Appliances and Power Tools
- Outdoor Power Equipment
• Lighting Products
• Batteries
• Lead-Acid Batteries
• Paints, Solvents, Pesticides
• Used Oil and Anti-Freeze
• Tires
• Thermostats
• Medications

All these programs operate in a similar manner to the Beverage Container program, there are stewardship plans in place that define the program and either individual producers or organizations operate the programs. The provincial government, through the Ministry of Environment, acts as the oversight to monitor the program operations.

4.2 Saskatchewan Legislative Setting

In Saskatchewan municipalities are responsible to provide solid waste management services for their residents as detailed in the Environmental Protection Act (http://www.qp.gov.sk.ca/documents/english/Statutes/Statutes/e10-21.pdf). The Act also allows for the Minister to designate different waste materials/streams to be managed in a proscribed method or program.

In February 2013, the province introduced regulations (http://www.qp.gov.sk.ca/documents/English/Regulations/Regulations/E10-21R5.pdf) that ordered the development of a stewardship program for household packaging and paper (HPP). The program is to begin operation in January 2015.

Prior to 2013, there were no regulations or requirements for separate handling of HPP materials by municipalities, it could be considered and handled the same as garbage. Municipalities that chose to implement programs to collect and divert HPP materials were responsible for the operations and costs to do so, there was no program funding provided by the provincial government.

The population distribution in Saskatchewan is unique, the majority of people are centered in 2 urban settings, there are 4 midsized urban centres and a great number of small urban and rural municipalities. To assist rural municipalities, and develop some economies of scale, the provincial government has set up a number of regional waste management authorities (grouping rural areas together) and has provided some funding to develop infrastructure for these groupings, but not ongoing operational funding.
Program Synopsis

In February 2013, the provincial government adopted the regulations requiring a stewardship program to handle HPP materials. This regulation requires that stewards/producers, either individually or as part of a collective group, have to develop a program that will provide up to 75% of the net cost to municipalities to divert HPP material. The HPP material does not include beverage containers as those materials are dealt with through the provincial deposit/return program. There are no targets set in the regulations as to the diversion of materials, but programs have to report the diversion rates of materials through annual reporting. Another aspect of the regulation is that programs have to track and measure how the efforts to divert HPP materials are impacting greenhouse gas emissions through the activates of the program. Also, the plan has to take into account the social aspect/benefit/impact that recycling programs provide (there are a number of social services involved in the recycling industry in SK) and how that will be accommodated in the proposed program.

The only HPP program that has been approved by the province is the program developed by Multi Material Stewardship Western (MMSW - http://mmsk.ca/). MMSW is similar to the organizations operating programs in MB, ON and BC; it is a non-profit corporation made up of representatives of the producers/stewards in SK.

The proposed plan (http://mmsk.ca/sites/default/files/documents/pdf/plan/MMSW-WPP-Stewardship-Plan-Dec-12-2013.pdf) has been approved by the province and is set to be implemented in January 2015. The plan is similar to the plan operating in Manitoba, it is proposing to provide compensation to municipal programs based on a per tonne of recovered material payment. As there is a lack of accurate and current operational data for programs in SK, the plan is utilizing data from MB, with adjustments to accommodate the differences in SK, and provide set payment amounts for the first 2 years. The program payments are based on municipal population and will use the reported tonnage collected and processed to provide the payments and calculate the steward fees.

Data (operational and financial) from the programs will be gathered during the first two years and will be used beginning in year 3 to calculate the municipal payments and steward fee going forward.

Municipalities will be responsible to operate their programs and will have to report the program operational and financial information to MMSW to be eligible for payments.

Other Programs

Saskatchewan has an established deposit/return system for all beverage containers (except milk) in the province. The program is operated by an agency (SARCAN), which staffs the deposit return centres and recycles the collected material. The provincial government regulates the deposits on the different containers and is responsible to receive the deposits paid on the sale of the containers and provide payment to SARCAN for the services to operate the program.

There are regulated stewardship programs in Saskatchewan for the following materials:
- Used Oil and Antifreeze
- Scrap Tires
- Waste Paint
- Waste Electronic Equipment

4.3 Manitoba Legislative Setting

Manitoba currently has programs in place for the management of Packaging and Printed Paper (PPP) materials in the province. The PPP programs are EPR based programs that are mandated by the Ministry of Conservation and Water Stewardship (MCWS) through the Waste Reduction and Prevention (WRAP) Act (http://web2.gov.mb.ca/laws/statutes/ccsm/w040e.php).

This legislation was introduced in 2008 and is the framework that permits the Minister to designate materials (or classes of materials) to be managed in a program to divert those materials from waste disposal. The Act defines producers (either individually or collectively as a group) to be responsible for the development and management of programs for the designated materials, but does not legislate any organization to be responsible, that is up to the producers themselves if they want to co-operate or not. The Act also allows for operators of programs for designated materials to be able to implement recover fees/levies to pay for the operation of the program that are not public monies (in other words fees collected are not taxation).

One funding levy that is set in the WRAP act is the Waste Reduction and Recycling Support (WRARS) levy. This is a $10 levy on every tonne of material landfilled in the province and is paid by the owners/operators of the registered landfills in the province. The fund is legislated to provide 80% of the collected money (net of its operating expenses) to eligible municipalities as a grant to assist their waste management programs expenses (all their waste programs). The funding to municipalities is based on a set per tonne amount that is paid based on the tonnage of reported recycling material collected (that has to correspond to the tonnage reported to Multi-Material Stewardship Manitoba as part of the PPP program) by the municipality. The remaining 20% of the funding is allocated to support waste diversion activities and programs, such as household hazardous waste, composting, etc. both to individual municipalities and provincial wide initiatives. This fund is managed by Green Manitoba (http://greenmanitoba.ca/home), which is a Special Operating Agency (SOA) of the MCWS, that oversees environmental programs and initiatives (including waste diversion initiatives) on a provincial basis.

Under the WRAP, the Packaging and Printed Paper Stewardship Regulation was passed in 2009 that required the development of a program to manage the PPP materials. The regulation and accompanying guidelines also set a benchmark that beverage containers had to have a 75% recovery rate in Manitoba (it was the only material class that had a specific recovery rate target set). The regulation guidelines also indicated that the PPP program was to provide 80% support (cover 80% of the
costs) for municipal recycling programs recovering PPP materials. There were also guidelines included for the reduction in the use of plastic bags, with a goal set to reduce the number of plastic bags in the province by 50% within 5 years of the program being introduced.

**Program Synopsis**

**Historical Setting**

In 1995, the provincial government set up the Manitoba Product Stewardship Corporation (MPSC), which was an arms length not-for-profit agency to manage waste diversion (recycling) programs. The funding for the MPSC came from a levy that was provincially mandated on beverage containers (beverage container producers). The collected funds were distributed to municipalities to help them establish and operate recycling programs. The funding would cover up to 80% of the cost of the program and was paid out on a per tonne payment for recovered recycling materials. Originally the required items that were in the program included:

- Newspapers
- Aluminum food and beverage containers
- Glass food and beverage containers
- PETE (#1) rigid plastic containers
- Steel food and beverage containers

As well there were three optional materials that could be included in the program

- Magazines/catalogues
- Gable top beverage containers
- Boxboard.

The program expanded over time to include:

- HDPE (#2) rigid containers
- Aseptic containers
- Telephone directories
- Rigid #4,#5,#7 plastic containers
- Residential corrugated cardboard

Along with the direct financial support to program, there were initiatives that provided funding and support for provincial promotion and education campaigns and promotion and education materials for municipalities, recycling in schools, municipal program support and waste generation and composition audits.

In 2006, the provincial government set up Green Manitoba as a special operating agency (SOA) to promote overseeing environmental initiatives, which includes waste management initiatives, that were handled by various government ministries.

A program plan for PPP was developed, submitted and approved in 2010 ([http://greenmanitoba.ca/umedia/program_plans/MMSM_PPP_Program_Plan_June_22_09_Plan_and_](http://greenmanitoba.ca/umedia/program_plans/MMSM_PPP_Program_Plan_June_22_09_Plan_and_))
Appendices.pdf by Multi-Material Stewardship Manitoba (MMSM http://stewardshipmanitoba.org/mmsm/). MMSM is a not-for-profit corporation, that is membership based and represents the legislated producers of the PPP materials. Along with MMSM, the Canadian Beverage Container Recycling Association (CBCRA http://www.cbcra-acrcb.org/), another not for profit corporation, that is member based representing beverage container producers, developed and submitted a program plan in 2012 for beverage containers diversion that was approved (http://greenmanitoba.ca/umedia/program_plans/cbcra_final_program_plan_5_5_11.pdf). The CBCRA plan works in conjunction with the MMSM plan (for the residential produced beverage containers), and was developed to meet the recovery requirement of 75% set out in the regulation.

**Overview**

The PPP program covers the broad range of packaging and printed paper generated in the residential waste stream. The program is designed as a target driven program, however, there were no set targets set in the plan as there was limited data on which to base realistic targets on. The plan is basing recovery rates for programs from the reported collected information and the data reported from producers for the amount of material brought in, as well as undertaking waste composition analysis projects. MMSM is gathering data and will work with the Minister to set goals and program targets in the future.

The program plan has specific focus (initiatives) regarding recycling programs in schools (elementary, secondary and post-secondary) as well as litter collection and plastic bag reduction to capture and divert material in the non-residential waste. These aspects of the program plan may not involve municipalities directly, if municipalities are not providing those services as part of their recycling program.

The WRAP regulations and associated guidelines for the PPP material direct that the stewardship program has to incorporate and work with municipal programs (or other agents, for example First Nations) for the collection and processing of the designated materials. Participation in operating or having recycling programs is voluntary for municipalities; there is no provincial legislation that require a municipality to provide a program. As a result, the PPP program plan includes the ability for MMSM to design and deliver a recycling program in a jurisdiction that does not choose to participate in the program and invoice the municipality for 20% of the cost for the program.

Due to the voluntary nature of the provision of a recycling program/service there are no legislative requirements for the type/level of service that has to be in place; it is up to individual municipalities to decide on the type of program and service level to provide. The incentives that municipalities have to operate a recycling program are the different funding opportunities open to them. The WRARS program that the province operates provides funding to municipalities for their waste management programs (all waste management activities) and is paid out on the weight of recyclable materials that the municipality collects. If a municipality does not have a recycling collection program in place, it will not be eligible and not receive funding through the WRARS program. The PPP program itself is another incentive as it
provides funding for municipal programs as long as they collect a minimum level of required materials from the PPP program.

Municipalities operate recycling programs in their jurisdiction, which can consist of curbside or depot collection, or some combination of the two, either through contract service provision or providing the services themselves. There are a number of municipal owned processing facilities in operation, along with a number of private processing facilities in the province. Individual municipalities have to decide to either contract out (to a municipal or private processor) or process their own collected recycling material.

**Financial and Reporting**

The funding for the PPP program is provided to municipalities through MMSM. Municipalities have to report their recycling program operational information to MMSM through an online datacall system on an ongoing basis. Operational data is reported on a monthly basis, consisting of the amount of material collected and processed. Municipal program cost information is collected annually and includes:

- Direct recycle service provision costs (contract costs)
- Direct municipal costs for capital items (building, equipment, vehicles)
- Municipal recycling operations costs
- Direct municipal staffing costs
- Marketing costs and revenues received
- Promotion and education expenditures.

The financial information provided is used to calculate the net cost of the municipal program, any program revenues are deducted from the program expenses. In calculating the program costs, administration is calculated separately, meaning that administration is not included in the municipal program cost. Administration cost is paid out separately from the program cost and is calculated on flat rate of 5% for programs that operate their own programs and 3% for programs that predominantly contract out their operations.

The municipal programs are grouped into categories based on population; there are 3 population categories: under 5000, 5000 to 10,000 and 10,000 to 15,000. There are 2 other specific categories for the 2 largest population centers in Manitoba, Brandon and Winnipeg (they are treated as separate from the other municipal groups).

The program cost data is compared to the reported tonnage data to develop cost per tonne profiles for the different municipal programs and this is used by MMBC to develop median net costs for each program in the different municipal population grouping. In calculating the median cost, MMBC applies best practice principals that eliminate outlier programs (programs whose cost are statistical outliers) from the median program cost calculation (they are still funded). The program does operate a Continuous Improvement Program to support and drive efficiencies in municipal programs. This
program is project based and potential projects have to demonstrate/initiate change to be considered. Projects are funded 1/3 each by the province, MMSM and the participating municipality.

The PPP program funding is paid to municipalities on the calculated cost per tonne, the calculated median cost for the population group, multiplied by the reported recycling tonnage recovered by the program. The funding rate (the amount per tonne) for the different groupings represents the cost to cover 80% of the median calculated program cost from the reported data. The amount that individual programs receive may be less or more than 80% of their actual individual program costs. As it is a calculated mean cost and is based on the report recycling tonnage, programs that are efficient may end up with more than 80% of their actual costs, and programs that are less efficient may get less than 80%.

The program funding comes from the fee payments of the producers who are members of MMSM. The fees that any producer pays to MMSM are developed based on the type and amount of material that the producer reports bringing into the province. The actual fee amount is based on the recovery rate and cost to recover the material as well as market development and other initiatives costs and the administrative costs to operate the program.

The beverage container producers, through CBCRA, have a separate program plan, but co-operate with the MMSM program plan for the material that is generated and collected through the residential system. The producers pay fees to MMSM through CBCRA for their part of the MMSM program, and the CBCRA program that is focused on beverage container recovery outside the residential system.

**Other Programs**

There are a number of other programs that have been developed in Manitoba under the Waste Reduction and Prevention act. These include programs for:

- Batteries (rechargeable, lead-acid, single use)
- Tires
- Hazardous wastes
- Pharmaceuticals
- Electronics and cell phones
- Used oil
- Mercury Thermostats
4.4 Ontario Legislative Setting

Current Legislation

Ontario has a Paper and Packaging Program, which is referred to as the Blue Box Program. The program was established in 2002 under the authority of the Waste Diversion Act (http://www.elaws.gov.on.ca/html/statutes/english/elaws_statutes_02w06_e.htm#BK0).

The Waste Diversion Act (WDA) was drafted to set up a framework to designate, develop and operate diversion programs for different waste materials. Under The WDA the Minister has authority to designate a waste or waste class for diversion. The WDA also included the development of an oversight organization, Waste Diversion Ontario (WDO) to manage programs for designated materials. The WDO is a non-crown corporation that is funded by the Industry Funding Organizations (IFO) that represent the stewards of the designated material programs.

When a material, or material class, is designated by the Minister for a program, The WDO works with the affected stewards to develop a program for that material or class of materials, and have the final program plan approved by the Minister. The WDA is unique in the fact that the blue box program is specifically designated and referenced under the Act and has a number of program activities specifically enshrined in the legislation. Other materials are not encumbered with specific program requirements set out in the WDA, other than the required process and aspects of what a program plan has to include to be considered.

The main components of the WDA include:

- The establishment of Waste Diversion Ontario (WDO) as the body to oversee the development and operation of programs for the designated wastes.
- Establishes that designated programs must have an Industry Funding Organization (IFO) as the representative of the stewards for that material/program. There is an option that an individual steward can opt out and provide a program on its own, as long as it meets the requirements of the Act.
- That a program plan has to be developed by WDO and the IFO for the material and govern the operations. The requirements of the program plan are also listed.
- Public consultation requirements for plan development and plan revisions are detailed.
- The Act has a five year review period

The WDA specifics related to the blue box program include:

- That the Blue Box Program must provide for payments to municipalities that results in the total amount paid to all municipalities under the program being equal to 50 per cent of the total net costs incurred by those municipalities as a result of the program.
The Brewers Retail (the Beer Store) is exempt for the Blue Box Plan for the packaging materials that it produces.

As a result of the WDA, the Blue Box Program Plan (BBPP) was developed and approved (http://www.wdo.ca/programs/blue-box/), with the program beginning in 2003. The IFO that was established for the BBPP was Stewardship Ontario (SO, http://www.stewardshipontario.ca/) and the plan was developed by SO. The plan established a number of features for the program operations including:

- Establishment of various committees to address different aspects of the program and interaction between the IFO and municipalities. The highest profile committee being the Municipal-Industry Programs Committee (MIPC);
- Establishment of the mechanism for program data reporting. This is known as the annual municipal data call, which collects detailed operational and financial information on the blue box program as well as other municipal waste management information;
- Establishment of a program to improve effectiveness and efficiency in the BB program. This program set aside funds from the amount to be paid to municipal programs to be used to invest in the programs to improve performance. Initially this was the Effectiveness and Efficiency (E&E) Fund, which was transitioned to the current Continuous Improvement Fund (http://cif.wdo.ca/);
- Setting targets for the recovery of materials in the program, including overall diversion of all and individual material categories;
- Defining stewards for materials, responsibilities and reporting requirement and exemptions. Notably there were special arrangements detailed for the Liquor Control Board of Ontario (LCBO) for their PPP materials, and the Canadian Newspaper Association/Ontario Community Newspaper Association (CNA/OCNA) members for in-kind contributions as part of their obligation;
- Distribution of funding for municipal blue box program payments.

There have been a number of revisions, clarifications and changes to the BBPP in the past 11 years the most notable include:

- Development of a cost containment strategy to address issues about the cost of the blue box program operations by municipalities;
- Establishment of a deposit system for LCBO PPP materials, removing them from the BBPP;
- Increase of the in-kind contributions for the CNA/OCNA members to cover their obligations.

**Status - Trends and Changes**

The complexity of the BBPP and the shared responsibility of the program between the stewards and municipalities have resulted in ongoing discussion between the stakeholders over the program.
operation. The most prevalent issue is in regards to the operational cost of the program, which in turn affects the fees that stewards are charged and the funding the municipal programs receive. The cost issue is a direct result of the initial program cost assumptions that were made in program development. The cost assumptions were made based on available data at the time, which was incomplete and not representative of the actual municipal operations costs, and as a result the assumed program cost was far below the actual costs, which were ultimately determined through the implementation of the datacall.

To address the issues and perceived limitations, restrictions and weaknesses in the current WDA, the provincial government introduced new legislation to replace the WDA in 2013. The proposed Waste Reduction Act (WRA) would change how waste programs are developed and delivered and would shift the responsibility for diverting materials further towards individual stewards. For the Blue Box Program this would mean:

- SO would no longer be the designated IFO for the program. SO could act as the steward organization to represent the stewards that are members. However, individual stewards would not be required to be a part of SO (as they are currently legislated to be).
- The 50% funding of net program costs would be removed, stewards would be responsible for 100% of the costs to divert their paper and packaging materials.
- Municipalities would be viewed more as service providers than partners in the program and would be required to negotiate compensation with the steward organization for the services provided.
- Expansion of program to include Industrial, Commercial and Institutional materials.

The proposed WRA is in legislative process, in the 2nd reading stage. There is a possibility that this legislation will not make it through the legislative process prior to a provincial election. If this is the case the proposed legislation will “die” and it will be up to the next government to either re-introduce this legislation, develop new legislation or continue with the status quo (note: there was a provincial election in June 2014, the WRA was not passed prior to the election).

Program Synopsis

Background

The PPP program is delivered through blue box recycling programs in Ontario. The blue box program is a mandated program for municipalities that are larger than 5000 in population.

The collection of packaging and printed paper as a separate program for recycling began in the mid to late 1980’s by various municipalities. These blue box recycling programs had broad public support, so through the later 1980’s and the early 1990’s an increasing number of municipalities adopted programs. There was no provincial legislation in regards to blue box recycling at this time, so individual municipalities were able to design and operate programs that were tailored to their individual circumstance. Funding was made available to municipalities through the province and industry
organizations to implement programs and infrastructure. In 1994, the province introduced regulations for the collection and recycling of PPP materials, Regulation 101/94, The Recycling and Composting of Municipal Waste (http://www.e-laws.gov.on.ca/html/regs/english/elaws_regs_940101_e.htm ). Municipalities are required to provide programs to collect and recycle a specific list designated materials (Aluminum food and beverage cans, glass bottles and jars, ONP, PET bottles, steel food and beverage containers) and at a minimum 2 supplemental materials (items such as OCC, boxboard, HDPE containers, etc.). Of note is that rigid plastic packaging other than HDPE, or PS/EPS is not required to be collected by a municipal recycling program as these packaging materials are not included in the regulations. The provincial and industry funding for programs was phased out through the mid 1990’s, which led to the municipalities lobbying the provincial government for a funding program to help offset the growing cost of recycling program operations.

Regulation 101 detailed that municipalities there were larger than 5000 population had to provide a recycling program. A curbside recycling program had to be instituted if there was curbside collection of garbage (for Northern Ontario municipalities the requirement was 15,000), otherwise a depot based program could be used. Municipalities that are under 5000 population do not have the requirement to provide a recycle program, but can choose to, and they are exempt from the requirements as to the list of materials to collect.

**Current Program**

The Blue Box Program Plan (BBPP), adopted in 2003, provides for the collection and recycling of the full range of PPP materials. The BBPP allows for PPP materials that are not required by municipalities to be collected by municipalities, as per Regulation 101, to be included and the costs are also included in the provincial program. As well the BBPP allows for collection of materials from schools and multi-residential buildings and the costs to be part of municipal programs, even though there is no requirement for a municipal program to provide a service to schools or multi-residential properties (unless the municipality provides direct garbage collection to the location).

**Roles and Responsibilities**

Municipal programs provide the residential recycling program to their residents and make the decisions as to the materials to collect, how they are collected (curbside or depot), format of collection (single stream, 2 stream, multi-stream) the frequency of service, the processing and marketing of the materials, promotion and education and customer service. To receive funding for the program through the BBPP, programs have to complete the annual Waste Diversion datacall, which is administered by Waste Diversion Ontario. The datacall collects detailed information on blue box program operations and financial components that are used to determine the provincial and individual program costs and payments back to the municipal programs.

Stewardship Ontario, as the IFO for the program, acts as the representative for the different material stewards. The main function of the IFO is to provide funding to support the blue box program, and to
work with the stakeholders to ensure that the program meets the approved requirements and targets as laid out through the regulations and accepted program plan. SO is responsible to collect information from its members as to the generation of their different PPP materials and utilize this information to develop the fees that have to be paid, by the different stewards, into the fund to support the program. The fees are determined based on the reported costs of the program and the recovery of the materials through the program as well as research and development activities for recycling as well as administrative costs for WDO and the MOE. SO also represents the stewards in negotiations with municipalities and WDO/Province on program matters related to the blue box program. As blue box material stewards are required to be a member of SO (the only exceptions are if an individual steward has a separate and approved program plan or fall below the de-minims level for material generation), there is minimal direct contact with the service providers (municipal programs) and the stewards.

Waste Diversion Ontario (WDO) is the designated authority, from the Provincial government, to oversee and ensure the operation of the blue box (as well as other material diversion) program. The WDO acts as the impartial blue box program referee and looks after the collection of data from the municipal program service providers (operates and maintains the datacall), distributor of steward payments to the municipal program providers (funding model and payments), monitors the financial aspects of the IFO (steward fees and expenditures) and is the facilitator between the program stakeholders.

**Program Financials**

The financial aspect of the BBP consists of 2 distinct parts:

- the program operational cost
- the fees paid by stewards to cover the negotiated annual program costs

The program operational costs are based on the reported financial costs obtained from the municipal programs through the WDO data call submission. Reporting municipal programs include all their eligible BB recycling program costs, but have to remove any costs that they incur that are not eligible (ICI collection costs for example). These costs are collected, reviewed and verified by WDO including random audits by an independent 3rd party auditor and then used to develop the program costs. Other calculations that are used to determine program cost by WDO include using set administrative costs, 1% for programs that contract out services and 3% for programs that provide their own services. As well as a set depreciation amount on capital items (a common rate applied to all program capital) and a rolling 3 year average for calculating revenue of marketed materials (not the actual that a program may receive in the reporting year). The result is that the calculated program cost may not be the same as the reported program cost through the data call by the program.

One other factor that is included in the final program cost calculation is the best practice cost calculation. This is a calculation, which uses a model to determine the theoretical cost range if programs were deemed to operating within all recognized best practices for blue box recycling. This calculation results in a minimum and maximum best practice cost that is then compared to the calculated program
costs. If the calculated program cost is within or below the minimum best practice cost range, then the calculated program cost range is used as the program cost. If the calculated cost is above the maximum best practice cost, then a negotiated cost is determined (discussion between municipalities, SO and WDO) and this becomes the program cost. The determination of the final cost is through negotiation between the stewards (IFO) and the municipalities and WDO. When a final amount is agreed on through the negotiation, this becomes the accepted blue box program cost for the final calculations.

The net program cost is determined by subtracting the calculated revenue (by individual materials based on a 3 year average price for those materials) of the marketed material (as reported by programs) from the agreed upon program cost. The net cost is divided in half to determine the steward obligation for program funding.

Steward fees are based on the final negotiated blue box program cost. This information is used to determine the material fee, $/kg of material, for the different materials (ie. newspaper or steel containers) and the individual stewards are charged based on the amounts of material they generate as detailed in their reporting they are required to provide to SO. One other aspect that is included in the material fee calculation are administrative costs for SO and WDO.

Funding that is available for municipal programs is determined on the steward obligation minus the in-kind contribution from the CAN/OCNA (no actual money, but is provided in advertising space) and minus the amount for set aside for the Continuous Improvement Fund (varies from year to year). The cash funding is then distributed to municipal program allocated based on a formula that includes a portion for best practice compliance (based on question responses in the datacall), a portion for tonnage of materials recovered by the program and a portion based on the program operations cost. The funding that any individual program receives can vary from about 30% up to about 75% of its blue box program cost. The average amount of funding being about 40%.

**Deposit Return**

In 2006, Ontario implemented a deposit return system, for wine and spirit containers distributed through the LCBO. This program removed the LCBO’s financial obligation to pay a portion of the costs of managing their packaging through the blue box program (which had previously been the case). Wine and spirits containers are now collected through the Beer Store return system which has a system for the management of its own container for decades in Ontario and is also exempt from financially contributing to the Ontario Blue Box program. Approximately 20-30% of the glass collected through the Blue Box program in Ontario continues to be of LCBO and Beer Store origins, but there is no mechanism in place to require exempt stewards to pay fees to support the program.

**MHSW**

There is an Extended Producer Responsibility (EPR) type program for Municipal Hazardous and Special Waste (MHSW) in Ontario. This program has some impact on the blue box program, as there are packaging materials, such as paint cans, aerosols containers and other product containers, that can be
and are included in the blue box program and are diverted through the blue box program. As a result, there is an administrative complication for the stewards of these materials as to reporting and determining the amounts that are part of the blue box program and those recovered through the MHSW. Many of the containers that contain MHSW products, when empty are classified and considered acceptable containers in the blue box program and residents are encouraged to recycle them through the blue box program. Unlike the blue box program, municipalities are not required to provide collection for MHSW materials and as a result most programs do not. Programs that do collect MHSW have agreements with the MHSW IFO to provide operations and cost recovery services.

Other Programs

In Ontario there are designated waste programs for the collection and recycling of waste electronics, and tires. Both these programs are operated by individual IFO’s and like the MHSW program; municipalities are not legislatively required to collect these materials. If municipalities do participate in the collection of these materials, they have separate agreements with the IFO to provide the service and cover the costs of participation.

4.5 Quebec

Legislative Setting

Quebec has had a program to fund the recovery of containers and packaging, printed paper (CPPP) and newspaper (ONP) since 2005. The program was established through the Environment Quality Act with the Regulation Respecting Compensation for Municipal Services Provided to Recover and Reclaim Residual Materials (http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=3&file=/Q_2/Q2R40_1_A.HTM). This legislation was originally passed in 2002 and was revised in 2011, establishing the levels of compensation for the program to be paid and the enshrinement of the performance measure to be used to calculate eligible costs. Originally the amount that the programs had to provide was about 50% of the costs (this was negotiated on a yearly basis). The revisions in 2011 specified the yearly payment rate, that increased to 100% by 2013, and will continue on at that rate.

As part of the Act, the provincial government established separate government cooperation, RECYC-QUEBEC (RQ http://www.recyc-quebec.gouv.qc.ca/client/fr/accueil.asp) to oversee and manage environmental programs that are established under the Act. This is the Agency that the both parties, the municipalities and the stewards have to report to in the operation of the CPPP program and ONP program.

The Regulations specify that the stewards have to be represented by an organization, and that organization has to be certified by RQ. For the CPPP stewards, the organization is Eco Enerprise Quebec.
(EEQ, http://www.ecoentreprises.qc.ca/home) and for the ONP it is RecycleMédias (RM, http://www.recylemedias.com/).

The EQA legislates that municipalities had to develop waste management plans for their jurisdictions that included provisions for the re-use and recycling of materials, the provision of facilities and cost estimates and also to take into account neighbouring municipalities waste with the development of provision of waste facilities. The plans had to be submitted to the Minister for approval, and the plans also have to be updated every 5 years. The Act also allows for the regulation of the reduction of residual materials, and provides the outline for the responsibility of stewards to provide compensation to municipalities for the recycling of materials.

**Program Synopsis**

Since 2005, there has a program that has provided funding for the recycling of CPPP and ONP in Quebec. Under the program outlined in the Act, municipalities are eligible to receive funding for their recycling services for materials designated. There are no specifications as to the type of program the municipalities have to provide, but in their waste management plans they do detail targets and goals for waste reduction and diversion and have the latitude to implement measures to meet those targets and goals.

Municipalities decide on the type of program they will offer their residents to collect and process recyclable materials. As there is minimal regulation as to the service provision requirements, most municipalities in the province provide curbside collection services to their residents. Regardless of the type of program implemented, there is a requirement by the stewards to provide compensation for the program to the municipality as per the Act and regulation.

The CPPP/ONP program provides funding, as of 2013, to municipalities to cover 100% of the net costs to collect, transport and process the materials. This does not include any administration costs (overheard, P&E, etc.), there is a flat rate of 8.55% that is paid to municipalities for these services as part of their compensation package.

Municipalities are required to provide audited reports on their eligible recycling costs (cost for the collection, transportation and processing) to RC each year for the development of the funding payments for their programs. The reported information is verified and then used by RC to determine the provincial cost that the EEQ and RM have to provide funding to cover and the payments to municipal programs as well.

Reported Program information is placed into groupings, there are 6, that are based on municipal size and distance from either Montreal or Quebec City. Within each group a Performance and Efficiency Factor (PEF) is calculated based on cost per tonne reported and the recovery of material (kg) per capita. A group PEF is developed by removing the PEF of the programs that are in the top or bottom 12.5% of the range, the remaining PEF are used to calculate a mean PEF and a standard deviation of the PEF and these are added together to determine the group average PEF. This average is then applied to programs.
in the group, programs that have a PEF that is equal to or below the group average, they do not incur any reduction to their eligible cost. Programs that have a higher PEF than the group, have a reduction to their eligible costs based on the difference between their PEF and the group average PEF.

Other calculations that are done to determine the funding that municipalities receive include:

- The removal of the costs for the non-designated materials (and free riders). The estimate is that 15% of the material collected is not covered and this is split between stewards and the municipalities. So there is a reduction of 7.5% to the eligible cost.
- The contribution for the ONP component. The ONP program, through RM, provides for both in-kind and cash contribution that is separate. Based on the reported municipal program cost, 10.4%, which is set in the legislation, is removed from the cost for ONP program (this is for the in-kind), and the financial amount that RM provides is added in separately (over and above the in-kind contribution).
- The 8.55% adjustment of the eligible cost for “administration” is added on to municipal funding to determine the final payment that the program will receive.

The funding is provided by the stewards represented by EEQ for the CPPP materials and by the RM stewards for the ONP material. The stewards pay fees to their respective organization, and those fees are forwarded to RC for distribution to the municipal programs. The steward organizations are also required to provide fees for the operation of RC as part of their program commitment.

**Other Programs**

Quebec has a deposit/return system for a non-refillable soft and beer containers. This is a provincially operated program, that utilizes an extensive return to retail system for residents. The deposit amounts were raised in 2012 to assist with increasing the return rates on materials.

There are provincial programs operating for:

- Paint
- Oil, coolant and anti-freeze
- Mercury Lamps
- Batteries
- Electronics
- Tires
5.0 COMPARISONS

This will be a comparison of the 4 different funding PPP programs in operation (BC, MN, ON and QE). Using three examples from Ontario, large program, medium program, small program, a general funding comparison against the other provincial programs is demonstrated.

The Ontario PPP program has the lowest level of funding support, and has the most comprehensive data available, so will provide the base line data for the comparison. The other Provincial programs funding is calculated based on the Ontario data as applied to the funding methodology for that respective provincial program. The data used is the published 2012 operations data and the 2013 funding amounts from the ON programs.

The Comparisons are based on the best available public information and should be viewed as a general comparison. There are assumptions made for the different programs in comparison:

- For BC, the glass tonnage amount is based on an assumption that 8% of the total tonnage is glass and that it would be collected separately. The collection incentive housing density is the high density amount for the large and small programs and the medium density for the medium program. The MF calculation is only the collection incentive (per household), no calculation for glass or bonus for increased recovery. Also there is no adjustment made to account/remove potential deposit/return materials from the example ON tonnage.
- For MB, the rate per tonne for the large and medium programs is the rate calculated based on 1 program for each, as such it is not a true average, so that applying to the ON program provides a what if example.
- For QC, the eligible cost for the comparison is the collection, processing and transfer depot costs from the ON program example. The performance factor is assumed to be at or below the group average for all the comparisons so there is no reduction in the funding. Also there is no adjustment made to account/remove potential deposit/return materials from the ON example tonnage.
- For SK, the published per tonne payment rates for the first year of the program are used for the comparison (as the program has yet to be implemented, the published rate is just applied to the recovered tonnage against the ON program example)
Large Sized Program

Example Program Description:

| Population | 531,000 |
| Households (SF, MF) | SF – 152,000  MF – 60,300 Total = 212,300 |
| Tonnage of Material | 39,850 tonnes |
| Recovery per household | 187 kg/household |
| Cost (Gross; Net) | Gross - $12,310,870  Net - $10,495,465 |
| Collect Cost | $7,689,313 |
| Processing Cost | $3,665,372 |
| Transfer/Depot Cost | $119,523 |
| Administration Cost | $836,661 |
| Revenue | $1,815,400 |

| Funding | $3,385,700 |

Funding Comparison:

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<td>Admins(SF,MF)</td>
<td>$530,750</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Funding</td>
<td>$7,667,601</td>
<td>Program Funding</td>
<td>$4,144,400</td>
</tr>
</tbody>
</table>

For Ontario, the programs keep the revenue that they generate through their programs, as a result the program funding support has to be measured as a proportion of the net program cost. That funding level amount to approximately 32% of the program cost.

The program in British Columbia is based on a service provision by the municipality, so there is no revenue that the municipal program would realize from the recyclable material. In fact, the program expense for processing would not occur to the program, so that amount of cost is removed from the
gross program cost for the funding level support calculation (meaning the gross cost would be $8,645,498). Based on this, the ON program would be funded at a rate of 89% of the program cost.

The Saskatchewan funding will be based on a per tonne rate for municipal groupings based on population. The funding level of support is based on the net program cost, as municipalities keep their revenue that they generate. The ON program would be funded at 35% of the program cost.

The funding in Manitoba is calculated as a set per tonne amount. Given that there is only 1 large municipal program in Manitoba, the funding amount is based directly against the costs for that program. Due to this, the funding applied to the Ontario example is a reflection of what would be paid out in a relative way as the large program. The funding level of support is based on the net program cost, as municipalities keep their revenue that they generate. The ON program would be funded at about 39% of the program cost.

In Quebec, the programs keep any revenue that they generate from their program, so the funding level is measured against the net program cost. The funding level for the ON program in the Quebec situation would be 83% of the program cost.
Medium Sized Municipality

Example Program Description:

| Population | 84,600 |
| Households (SF, MF) | SF - 38,000 |
| Tonnage of Material | 5720 |
| Recovery per household | 150.52 kg/household |
| Cost (Gross; Net) | Gross - $2,751,269 Net - $1,706,340 |
| Collect Cost | $909,480 |
| Processing Cost | $1,521,520 |
| Transfer/Depot Cost | $28,600 |
| Administration Cost | $291,669 |
| Revenue | $1,044,929 |
| Funding | $751,660 |

Funding Comparison:

<table>
<thead>
<tr>
<th>BC</th>
<th>MB</th>
<th>QC</th>
<th>SK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factor</strong></td>
<td><strong>Amount</strong></td>
<td><strong>Factor</strong></td>
<td><strong>Amount</strong></td>
</tr>
<tr>
<td>SF Collect (HH)</td>
<td>$1,292,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Glass (T)</td>
<td>$36,560</td>
<td>Rate/ tonne</td>
<td>$869,440</td>
</tr>
<tr>
<td>Bonus (HH)</td>
<td>$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MF Collect (HH)</td>
<td>$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PE Curb (HH)</td>
<td>$28,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PE MF (HH)</td>
<td>$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admins(SF,MF)</td>
<td>$95,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Program Funding</strong></td>
<td><strong>$1,452,060</strong></td>
<td><strong>Program Funding</strong></td>
<td><strong>$869,440</strong></td>
</tr>
</tbody>
</table>

In Ontario, the programs keep the revenue that they generate through their programs, as a result the program funding support has to be measured as a proportion of the net program cost. That funding level amounts to approximately 44% of the program cost.

The program in British Columbia is based on a service provision by the municipality, so there is no revenue that the municipal program would realize from the recyclable material. In fact, the program expense for processing would not occur to the program, so that amount of cost is removed from the
gross program cost for the funding level support calculation (meaning the gross cost would be $1,229,749). Based on this, the ON program would be funded at a rate of 118% of the program cost.

The Saskatchewan funding will be based on a per tonne rate for municipal groupings based on population. The funding level of support is based on the net program cost, as municipalities keep their revenue that they generate. The ON program would be funded at 52% of the program cost.

The funding in Manitoba is calculated as a set per tonne amount. Given that there is only 1 mid sized municipal program in Manitoba, the funding amount is based directly against the costs for that program. Due to this, the funding applied to the Ontario example is a reflection of what would be paid out in a relative way as the mid-sized program. The funding level of support is based on the net program cost, as municipalities keep their revenue that they generate. The ON program would be funded at about 51% of the program cost.

In Quebec, the programs keep any revenue that they generate from their program, so the funding level is measured against the net program cost. The funding level for the ON program in the Quebec situation would be 75% of the program cost.
Small Sized Program

Program Description:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Population</td>
<td>6450</td>
</tr>
<tr>
<td>Households (SF, MF)</td>
<td>SF – 1590, MF – 1335, Total = 2925</td>
</tr>
<tr>
<td>Tonnage of Material</td>
<td>497</td>
</tr>
<tr>
<td>Recovery per household</td>
<td>169.61 kg/household</td>
</tr>
<tr>
<td>Cost (Gross; Net)</td>
<td>Gross - $197,809, Net - $87,796</td>
</tr>
<tr>
<td>Collect Cost</td>
<td>$105,369</td>
</tr>
<tr>
<td>Processing Cost</td>
<td>$65,107</td>
</tr>
<tr>
<td>Transfer/Depot Cost</td>
<td>$9,443</td>
</tr>
<tr>
<td>Administration Cost</td>
<td>$17,892</td>
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<tr>
<td>Revenue</td>
<td>$110,010</td>
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</table>

Funding: $46,877

Funding Comparison:

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<th>Factor</th>
<th>Amount</th>
<th>Factor</th>
<th>Amount</th>
<th>Factor</th>
<th>Amount</th>
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<th>Amount</th>
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<tbody>
<tr>
<td>SF Collect (HH)</td>
<td>$55,650</td>
<td>Eligible Cost</td>
<td>$69,909</td>
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<td>Glass (T)</td>
<td>$3200</td>
<td>Rate/tonne</td>
<td>$84,490</td>
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<tr>
<td>Bonus (HH)</td>
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<td></td>
<td>$64,666</td>
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<tr>
<td>MF Collect (HH)</td>
<td>$26,700</td>
<td>Minus 10.4%</td>
<td>$6725</td>
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<td>PE SF (HH)</td>
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<td>PE MF (HH)</td>
<td>$1335</td>
<td>Plus 8.55%</td>
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<td>Admins(SF,MF)</td>
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<td>Program Funding</td>
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<td>Program Funding</td>
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<td>$62,895</td>
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In Ontario, the programs keep the revenue that they generate through their programs, as a result the program funding support has to be measured as a proportion of the net program cost. That funding level amount to approximately 53% of the program cost.

The program in British Columbia is based on a service provision by the municipality, so there is no revenue that the municipal program would realize from the recyclable material. In fact, the program expense for processing would not occur to the program, so that amount of cost is removed from the
gross program cost for the funding level support calculation (meaning the gross cost would be $132,702). Based on this, the ON program would be funded at a rate of 71% of the program cost.

The Saskatchewan funding will be based on a per tonne rate for municipal groupings based on population. The funding level of support is based on the net program cost, as municipalities keep their revenue that they generate. The ON program would be funded at 108% of the program cost.

The funding in Manitoba is calculated as a set per tonne amount for the population grouping. The Manitoba grouping for this example is the 5000 to 15,000 group, which has a rate of $170. The funding level of support is based on the net program cost, as municipalities keep their revenue that they generate. The program would be funded at about 96% of the program cost.

In Quebec, the programs keep any revenue that they generate from their program, so the funding level is measured against the net program cost. The funding level for the program in the Quebec situation would be 72% of the program cost.