

# Saskatchewan Multi Material Recycling Program Consultation Paper

## 1. Introduction and Purpose of this Paper

The establishment of a multi-material recycling program (MMRP) for household printed paper and packaging (PPP) is a clear priority for the Province of Saskatchewan that has been expressed publicly by Premier Wall, Minister of Environment Heppner, Legislative Secretary Ottenbreit, and others. The long-standing need for such a program and the overall improvement of recycling services in the province have been voiced by various stakeholder groups in the province. Significant fluctuations in the recyclable material markets brought on by this past recession have further emphasized the necessity for a sustainable funding mechanism for recycling programs.

In addition, the Government of Saskatchewan has clearly expressed its desire to move towards Extended Producer Responsibility (EPR). This concept refers to an environmental policy approach in which a producer's responsibility for a product is extended to the post-consumer stage of a product's life cycle<sup>1</sup>.

In order to move the MMRP initiative forward, the province contracted with a project team to develop up-to-date baseline information on the volumes of waste materials generated and recycled within the province of Saskatchewan, and the methods and costs associated with managing these waste materials. In addition, the project team was tasked with creating and evaluating various design options for a MMRP and providing the Ministry of the Environment (MOE) with recommendations for the most feasible options. The Ministry then reviewed the options and selected the preferred approach.

The MOE is now embarking on a consultation process to seek the input of all affected stakeholders on the preferred approach and on all aspects related to the implementation of a province-wide Multi-Materials Recycling Program. This consultation process is overseen by a Joint Advisory Committee consisting of representatives from industry, municipalities, one environmental not-for-profit organization (ENGO), and a Saskatchewan Government representative as an observer.

The purpose of this Consultation Paper is to provide the necessary information to enable informed participation by stakeholders in the consultation process.



**Saskatchewan  
Ministry of  
Environment**

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<sup>1</sup> OECD EPR definition available at [http://www.oecd.org/document/19/0,3343,en\\_2649\\_34281\\_35158227\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/19/0,3343,en_2649_34281_35158227_1_1_1_1,00.html)

## **2. Baseline data on current waste and recyclables management in Saskatchewan**

### **2.1 Generation**

According to the 2007/08 Datacall, total waste generation in Saskatchewan is estimated to be between 995,000 and 1,028,000 tonnes annually. That figure represents roughly one tonne of waste per person in the province.

Industrial, Commercial and Institutional (ICI) waste generated yearly is an estimated 518,000 tonnes. This sector represents the highest proportion of the waste generated in the province, although monitoring and reporting on the specific volumes and composition of this waste type is limited. Currently, a significant quantity of IC&I waste is collected and disposed by private sector waste management firms. Nonetheless, as is the case in the majority of North American jurisdictions, the overall diversion rate for IC&I waste is low, as collection programs for recyclables from the IC&I sector are still in their infancy.

Construction, Renovation and Demolition (CRD) waste generation is estimated to be between 142,000 and 175,000 tonnes annually. CRD waste recovery information for Saskatchewan is not available. Comprehensive waste composition and generation study and analysis are required in order to develop a waste diversion strategy for this sector, including strategies for encouraging re-use.

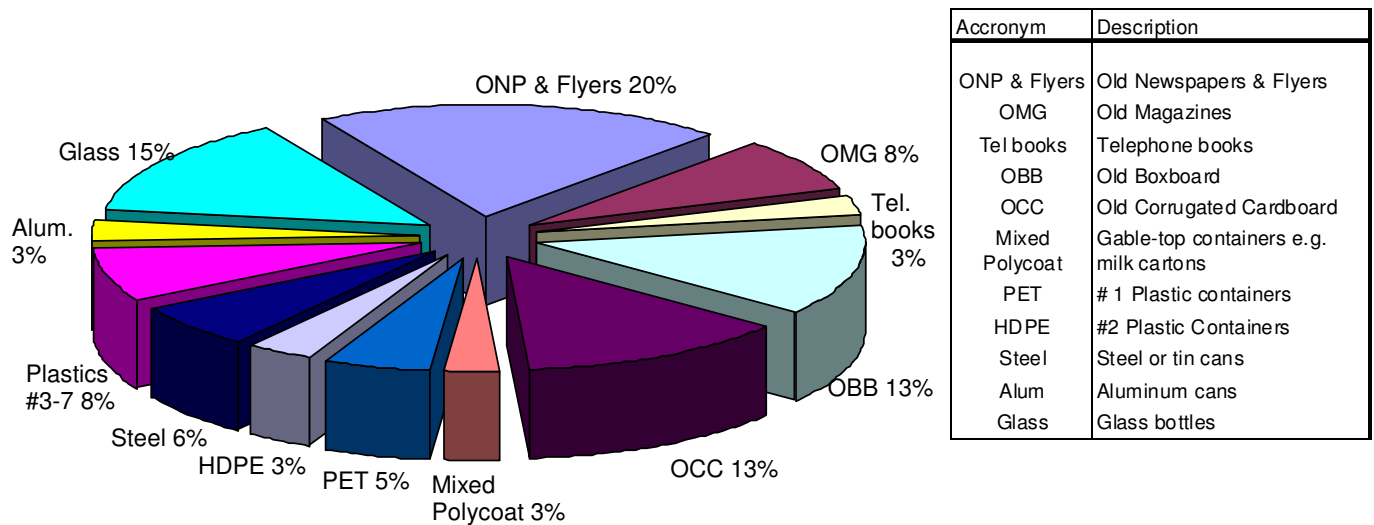
Combined, ICI and CRD waste represent 66-67% of the total waste produced in the province.

Residential waste volumes are an estimated 335,000 tonnes, representing approximately 33% of the province's total annual waste generation. Of this residential waste, approximately 109,000 tonnes (33% of the residential waste) is characterized as residential packaging and printed paper waste (PPP) – newspaper, other paper, cardboard, steel, plastic, glass, aluminum, and other packaging. The relative quantities of each of these material types generated are presented in Figure 1 below.

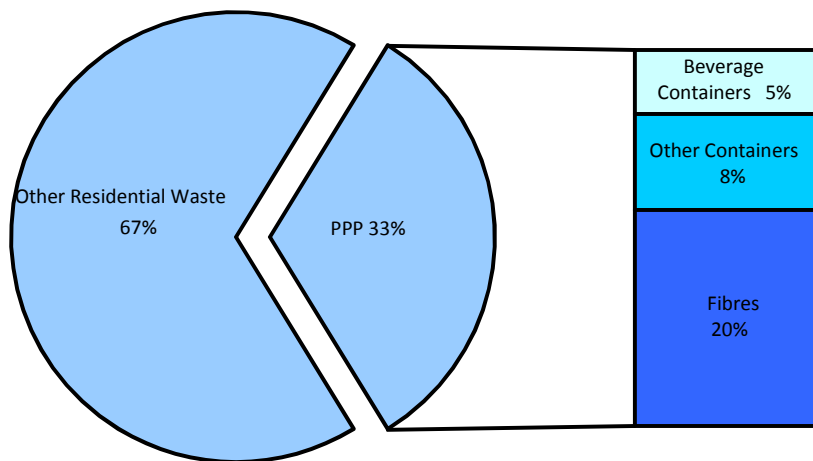
For the purposes of this document, PPP waste is further subdivided into three categories based on Saskatchewan's historical management programs: beverage containers, fibre, and other containers, as presented in Figure 2.

An estimated 90,000 tonnes of PPP waste material is non-beverage (i.e. other) packaging and fibre. This is the volume of material that could potentially be handled through the province-wide MMRP.

**Figure 1: Packaging and Printed Paper Waste Composition (Total Estimated Generated = 109,000 tonnes)**



**Figure 2: Printed Paper and Packaging Waste Composition in the Saskatchewan Residential Waste Stream (2006-2009 data)<sup>2</sup>**



<sup>2</sup> PPP generation estimates based on disposal data from residential waste audits in Saskatoon (2006), Regina (2007/2008) and other similar jurisdictions, and PPP recovery data from SARCAN (2008), the Saskatchewan municipal datacall (2007/2008), and service providers operating private door-to-door curbside recycling programs (2009).

## 2.2 Recovery

Recovery describes the quantity of PPP waste material that is diverted from landfill and sent to a recycling facility for processing. As shown in Table 1 below, currently, it is estimated that 36,500 tonnes of PPP is diverted or recovered from landfills, representing a 41 % weight-based diversion rate. *The beverage container generation and recovery data is not included here as these materials are managed through a deposit system operated by SARCAN and would not be managed through the MMRP.*

Fibre recovery is over 50%, indicating that Saskatchewan residents are using the depot system quite effectively although these numbers may include some print overruns and is not necessarily strictly post-consumer recovery data. At 5 %, the current recovery rate of non-beverage containers (e.g. yogurt cups, margarine tubs, detergent bottles, etc) is very low.

**Table 1: Saskatchewan Baseline PPP Recovery Rate Estimates (%)<sup>3</sup> (Excludes Beverage Containers)**

	<b>Fibres (tonnes)</b>	<b>Non- Beverage Containers (tonnes)</b>	<b>Total (tonnes)</b>
Generated	62,000	28,000	90,000
Recovered	35,000	1,500	36,500
<b>Recovery Rate</b>	<b>56%</b>	<b>5%</b>	<b>41%</b>

## 2.3 Existing Infrastructure

To date, the Government of Saskatchewan has legislated stewardship programs for Beverage Containers, Waste Oil and Oil Filters, Waste Paint, Scrap Tires, and Waste Electronic Equipment. Voluntary stewardship programs exist for products such as dairy beverage containers, rechargeable batteries, and pesticide containers.

While these stewardship programs have helped make EPR a familiar concept, the only provincially legislated and funded waste diversion program related to printed paper and packaging waste is for ready-to-serve non-refillable sealed beverage containers. The Beverage Container Collection and Recycling Program began in Saskatchewan in 1988, as a result of the *Litter Control Regulations*. Empty non-refillable alcoholic and non-alcoholic beverage containers are designated under this program; this includes beer cans, but excludes refillable beer bottles and milk containers. This program is described in more detail below.

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<sup>3</sup> PPP recovery estimates for Saskatchewan were calculated using a variety of sources, including the 2007/2008 municipal datacall, and service providers operating private door-to-door curbside recycling programs.

### 2.3.1 Beverage Containers

Consumers pay a non-refundable environmental handling fee to the provincial government ranging from \$0.03 - \$0.07, as well as a \$0.10 to \$0.40 deposit that is returned to the consumer upon drop-off at one of SARCAN's Recycling Depots<sup>4</sup>. SARCAN, the recycling division of the Saskatchewan Association of Rehabilitation Centres (SARC), has a network of over 70 depots that provide a provincial collection, processing, transportation, and marketing system to recycle most ready-to-serve beverage containers. Over half of these depots are operated by SARC Members under franchise from SARC; the remaining depots are operated by SARCAN directly. Of the overall depot network, 18 locations also collect fibre in addition to beverage containers. SARCAN contracts with the provincial Government and has been providing this service since 1988. From 1996 to 2008, overall beverage container recovery rates have averaged 86%, the highest beverage container recovery rate in Canada<sup>5</sup>.

### 2.3.2 Fibre and non-beverage containers

Recycling of fibre and other non-beverage PPP – materials such as newspapers, flyers, margarine and yogurt containers, glass food jars, steel food cans, and aluminum pet food cans – is typically managed and funded by municipalities, through municipal taxes or levies. As a result, municipalities operate waste and recycling services in a variety of ways, often highly dependent upon total population and population density.

Access to recycling programs varies widely across Saskatchewan. The current infrastructure includes numerous depot systems, some private subscription curbside programs, and at least one city-wide curbside recycling program. While many municipalities operate their own waste management programs, approximately 24% of the population receives waste management services via Regional Waste Management Authorities, which are self-organizing groups of municipalities that have consolidated waste management services in an effort to reduce costs and increase services. Currently there are 17 Regional Waste Management Authorities in Saskatchewan, encompassing 240 municipalities and a total population of 171,227<sup>6</sup>. Finally, in other instances, homeowners contract with private service providers for recycling collection services.

The median cost to recover fibre, the largest portion of PPP in 2008, was \$227 per tonne. It should be noted that there was significant cost variation throughout the province.

As shown in Table 1 on the previous page, the total recovery rate for non-beverage and non-fibre PPP is low (1,450 tonnes; ~ 5%) largely because so few municipalities offer recycling services for these materials. In some large municipalities, this kind of recycling service is offered by private contractors on a subscription-basis only. The median net cost for non-beverage packaging recovery is estimated at \$382 per tonne for populations 1,000-5,000 and \$299 per tonne for populations smaller than 1,000.

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<sup>4</sup> SARCAN is a non-profit social enterprise that employs 408 full-time staff and an additional 167 seasonal employees. The majority of employees are people with disabilities or people formerly receiving social assistance. See [www.sarcsarcan.ca/sarcan/index.php](http://www.sarcsarcan.ca/sarcan/index.php)

<sup>5</sup> Government of Saskatchewan (2008). "Beverage Container Collection and Recycling Program". Available from

[www.environment.gov.sk.ca/adx/asp/adxGetMedia.aspx?DocID=1679,251,94,88,Documents&MediaID=1332&Filename=Beverage+Container+Collection+and+Recycling+Program.pdf&l=English](http://www.environment.gov.sk.ca/adx/asp/adxGetMedia.aspx?DocID=1679,251,94,88,Documents&MediaID=1332&Filename=Beverage+Container+Collection+and+Recycling+Program.pdf&l=English)

<sup>6</sup> For more information about Regional Waste Management Authorities, see [www.arwmas.ca](http://www.arwmas.ca).

The relatively high cost of recycling in Saskatchewan is attributable to low population densities, the distance to markets for recyclable materials, and the distance to recycling processors and manufacturers using recycled material (for example, there is currently no de-inking plant in the province). The economic downturn in late 2008 exacerbated the financial problems of existing recycling programs by decreasing the salvage values from the sale of the collected recyclable material and put recycling programs across the province in danger of collapse. As an interim measure, \$2,000,000 in bridge-funding was provided by the government in 2009 to subsidize the drop in salvage values and keep programs running.

### **3. Preferred Approach to Establishing a Multi-Material Recycling Program**

The Ministry of the Environment is proposing the establishment of a Multi-Material Recycling Program (MMRP), which key features are outlined below.

#### **3.1 Designated Materials**

The designated materials under the MMRP would be household packaging materials (plastic, steel, glass, paper (newspapers, printed paper, and cardboard), with the exclusion of beverage containers. In other words, those packaging materials and printed paper normally managed in the municipal waste stream.

#### **3.2 Designated Stewards**

The industry stewards obligated under the MMRP would be those brand owners and first importers of designated product packaging and printed materials.

#### **3.3 Cost Sharing**

The Ministry of the Environment is proposing that the MMRP be based on a cost-share model between industry stewards and municipalities whereby industry stewards contribute 75 per cent of programs costs, while municipalities will contribute the remaining 25 per cent of program costs.

#### **3.4 Government Contribution**

The Ministry is providing \$1.75 million in bridge funding<sup>7</sup> to ensure transitional assistance to existing recycling programs until MMRP implementation in 2011.

#### **3.5 Program Cost and Funding**

The total tonnage that is estimated to be available for management under the MMRP is 90,000 tonnes per year. This does not include beverage containers, which would continue to be largely managed through the SARCAN recycling depot system. Estimated system costs and projected recovery levels are illustrated in Table 2 below.

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<sup>7</sup> See <http://www.gov.sk.ca/news?newsId=027f2c84-0f9d-4789-b9e9-354b702246a1>

**Table 2: Estimated Annual Net Cost Under MMRP Preferred Approach**

Net Cost (\$) – <i>excluding</i> SARCAN beverage container recovery system	\$9.5 million
Net Cost (\$) to Industry	\$7.1 million
Net Cost (\$) to Municipalities	\$2.4 million
Net Cost (\$/tonne)	\$229
Net Cost to Municipalities (\$/tonne)	\$57
Net Cost to Industry (\$/tonne)	\$172

The expected net system cost is equivalent to \$10/person/yr for a system with province-wide access to recycling with industry stewards responsible for 75% of the net costs and municipalities responsible for 25% of the net costs. Stewards may choose to place an environmental handling fee at the point of purchase on the designated materials. These funds would be collected and administered through the Stewardship Board (see section 3.7 below).

Based on the experience of mature MMRP programs in other jurisdictions, it is possible to achieve recovery rates in the range of 60% and higher.

### **3.6 Service Level**

Under the preferred approach, municipalities with populations of 25,000 and over would receive curbside collection services, and an expanded depot program would service the remainder of the province.

### **3.7 Governance**

The MMRP's governance would be led by an Industry Funding Organization (IFO). The Board of Directors of the IFO would consist of the affected industry representatives. It would be possible to have municipalities represented at the Board or to have a joint Municipal / Industry Advisory Committee that would oversee such issues as funding rates, markets, transportation, etc and would make recommendations to the Board.

### **3.8 Costs Related to Capital Infrastructure Needs and Operational Activities**

As mentioned in section 2.3.2, there is insufficient recycling infrastructure in the province of Saskatchewan at the moment. To address this issue, capital investments are required. The amortized cost of capital investments would be included in the calculations of net system costs under the MMRP implementation.

#### 4. Consultation Process Overview and Next Steps

##### 4.1 Overview

All parties are agreed that a stewardship program is needed to ensure that the recovery and recycling of PPP is sustainable in Saskatchewan.

The information from the May 4<sup>th</sup> consultation will be used to inform decisions by the Government of Saskatchewan and the Joint Advisory Committee as the MMRP Regulation is created. A regulation is needed to ensure that there is a level playing field and participation by all stewards of packaging and printed paper. The feedback gathered from participants will also be considered in the design and implementation of the province-wide MMRP.

##### 4.2 Next Steps

The Saskatchewan Government is endeavouring to pursue the timelines presented below. However, please note that these are subject to change.

<b>Timing</b>	<b>Milestone</b>
April 21	Consultation Paper released and invitations to Consultation event distributed
May 4	Consultation event held in Saskatoon <i>Note: Stakeholders may participate either in person or by webcast</i>
May 14	Written feedback period ends
May 28	Consultation Report issued
June 1	Draft Regulation to Advisory Committee
June 15	Draft Regulation to Cabinet
June 30 – Nov. 30	Industry Program Plan Development
Dec. 2010	Minister approves Plan
Jan. – May 2011	Program Implementation planning
June 1, 2011	Program Commencement