



The Household Packaging and Paper Stewardship Program Regulations and Multi-Material Recycling Program

Discussion Paper

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Introduction

On January 23, 2020, the Government of Saskatchewan announced the new provincial Solid Waste Management Strategy, outlining a practical and sustainable strategy for short- and long-term waste management goals over the next 20 years. The strategy sets an ambitious waste reduction target of 30 per cent by 2030 and 50 per cent by 2040. To enhance waste diversion in Saskatchewan, the ministry has committed to reviewing all stewardship programs for effectiveness and efficiency.

The Household Packaging and Paper Stewardship Program Regulations govern the distribution of packaging and printed paper to Saskatchewan households by businesses and are intended to ensure a successful, efficient and sustainable program to handle the recycling of packaging and printed paper.

For the review of the regulations, the ministry is seeking comments on several areas:

- Program funding and considerations related to different program delivery models (e.g. shared responsibility versus full extended producer responsibility)
- Current business exemptions
- Designated materials
- Targets and recovery rates
- Non-residential waste
- Reducing regulatory red tape

Engagement Process

Engagement is key to promoting responsible resource management aimed at resource recovery and environmental sustainability. This discussion paper outlines the details and key issues of *The Household Packaging and Paper Stewardship Program Regulations* and the resulting Multi-Material Recycling Program, as well as the recent challenges faced in Saskatchewan for management of packaging and printed paper. Before any changes are made to the regulations, the Government of Saskatchewan wants to hear your feedback.

Responses can be provided through written submissions or the ministry's online survey. Submissions will be accepted until April 30, 2021.

For additional information or questions, participants have the option of attending virtual engagement sessions offered by the ministry. Details on the virtual engagement sessions and a link to the online engagement survey can be found on the ministry's website at

<https://www.saskatchewan.ca/residents/environment-public-health-and-safety/saskatchewan-waste-management/multi-material-recycling-program>.

Background and Current State

Saskatchewan's Multi-Material Recycling Program

After considerable consultation and engagement, *The Household Packaging and Paper Stewardship Program Regulations* (the regulations) came into effect in February 2013. In January 2016, the Multi-Material Recycling Program was launched by Multi-Material Stewardship Western (MMSW), a not-for-profit organization that acts on behalf of businesses who are obligated by the regulations to participate in the program.

The intent of the regulations is to provide a sustainable program for the collection and recycling of printed paper and packaging distributed to Saskatchewan households. Materials designated in the regulations include packaging made from metal, paper, glass, plastic or any combination of those materials, as well as printed paper. The regulations demonstrated the Government of Saskatchewan's commitment to providing Saskatchewan residents with improved access to recycling, reducing the amount of waste paper and packaging going to provincial landfills, and supporting our growing communities while protecting the environment.

Containers that form part of other regulated programs, such as beverage containers, paint cans and containers for petroleum and antifreeze products, are excluded from this program and continue to be managed through respectively established programs.

Under the regulations, businesses that supply or distribute packaged goods and paper to Saskatchewan households, referred to as stewards, share responsibility for the cost of recycling these materials with Saskatchewan municipalities. Stewards are required to register with MMSW, report their annual tonnage of packaging and paper produced or distributed, and pay fees based on that tonnage. Through the regulations, there are considerations for program exemption for businesses that have a single point of retail sale, generate less than \$2 million gross revenue annually, or produce less than one tonne of packaging and paper annually.

MMSW provides payments to municipalities to fund community recycling programs for packaging and printed paper, commonly known as blue box programs. MMSW is supported by Canadian Stewardship Services Alliance, which also supports extended producer responsibility (EPR) programs for packaging and printed paper in British Columbia, Manitoba and Ontario. In 2019, MMSW worked with over 500 municipalities, First Nations communities and regional waste authorities to provide funding towards recycling services for packaging and printed paper in 84 per cent of Saskatchewan households.

The Multi-Material Recycling Program utilizes a form of EPR policy in which a portion of the financial responsibility for the end-of-life management of products and materials shifts to the producers (i.e. brand owners, first importers or manufacturers) of these materials and away from municipalities and general taxpayers. The Multi-Material Recycling Program is different from other EPR programs in Saskatchewan in that there are no environmental handling fees paid by consumers and collection is

funded through a cost sharing arrangement between stewards and municipalities. Stewards do not have a role in the operation of the municipal recycling programs funded through the Multi-Material Recycling Program. Currently, stewards are required to pay up to 75 per cent of total program costs for effective and efficient municipal recycling services for packaging and printed paper; municipalities are responsible for the remaining program costs.

Since the closure of China's commodity markets for secondary plastics and fiber in January 2018, many municipal recycling programs in Saskatchewan and across Canada have struggled to find markets for printed paper and some plastic packaging. As a result, Saskatchewan municipalities have faced rising costs for their "blue box" recycling programs. Many communities have reduced the range of plastics collected in their programs and some communities have stopped collecting all types of plastics, as well as glass.

Trends in Packaging and Paper Recycling Programs in Canada

Extended producer responsibility is an environmental policy approach in which the producer's responsibility for a product is extended to the post-consumer stage of a product's life cycle. EPR shifts responsibility for the end-of-life management of products and materials to the producer (i.e. brand owners, first importers or manufacturers) and away from municipalities and general taxpayers. Through the Canadian Council of Ministers of the Environment (CCME) Canada-wide Action Plan for EPR, member jurisdictions commit to working towards the development and implementation of EPR programs. As an active CCME member, Saskatchewan supports the use of EPR policy and has incorporated it into many provincial recycling regulations including those for electronics, paint, scrap tires, used oil and antifreeze, grain bags, household hazardous waste and printed paper and packaging.

A number of Canadian provinces have EPR programs for packaging and printed paper, including British Columbia, Manitoba, Ontario and Quebec. Manitoba, Ontario and Quebec's programs utilize a shared responsibility model with municipalities and industry. However, provinces are shifting towards implementing full producer responsibility models, where the program is fully funded and operated by industry. In British Columbia, Recycle BC began operation of the first full EPR program for residential packaging and paper in Canada in 2014. In October 2020, Ontario announced they will begin transitioning to a full producer responsibility program starting January 1, 2023. New Brunswick currently manages packaging and printed paper through existing voluntary curbside recycling programs; however, New Brunswick announced in 2019, their intent to develop an EPR program for packaging and printed paper. In February 2020, the Government of Québec announced changes that will require companies supplying containers, packaging and printed paper in Québec to be responsible for their products' full lifecycle, including sorting, processing and recycling.

Key Issues and Challenges

Global Markets

On January 1, 2018, China implemented a ban on the import of 24 types of waste including plastic, paper and textiles, which has had a serious impact on the packaging and paper recycling industry around the world. Before 2018, China had imported significant volumes of paper and plastic packaging from Canada and other countries. As a result of the ban, plastic products and packaging are causing significant challenges to municipal recycling programs, landfills and waste stewardship organizations in Saskatchewan.

Evolving Waste Stream

The materials used in products and packaging are continually evolving and are drastically different than the food and beverage containers managed by early blue box programs. Not only are producers using more plastic in products and packaging, but producers use a number of different types of plastics, many of which may be difficult to recycle or have little to no market value. Additionally, products and packaging may combine several types of materials including paper, plastic and metal, which makes recycling difficult or unfeasible. There has also been a shift towards convenience for consumers, which has resulted in an increase in single use and disposable items that may not be recyclable in current programs and systems.

Challenges Facing Municipalities

The Multi-Material Recycling Program shifts some of the financial responsibility for managing packaging and printed paper from local governments to businesses that produce these materials. The program is funded through a cost sharing arrangement between industry and municipalities, wherein industry reimburses municipalities for up to 75 per cent of their program costs. However, as a result of global market changes, many municipal collection programs have been unable to market a significant volume of low value, single-use plastic and packaging. Municipalities may now face increasing collection and recycling costs and difficulties identifying buyers for recovered materials.

Collecting recyclable materials and participating in the Multi-Material Recycling Program is optional for municipalities. Additionally, municipalities have the flexibility to choose which packaging and paper materials are collected by their program. This has resulted in inconsistencies in municipal recycling programs across the province, causing contamination and “wish-cycling”, which is the practice of tossing unaccepted items in the recycling bin, hoping they will be recycled. When unaccepted and dirty items end up in recycling systems, it may increase municipal collection and processing costs and contaminate recyclable materials, creating even more waste and impacting the ability to recycle desirable materials. With an increasing focus on the quality of recyclables in global commodity markets, low value plastics with higher contamination rates are difficult to market to recyclers. The challenges facing municipalities has led to municipal recycling programs stockpiling materials and/or no longer accepting some or all types of plastics.

Challenges Facing Businesses

In the current system, municipalities collect materials through a combination of curbside and depot collection and market recyclable materials to processors. This approach provides no opportunity for obligated businesses to influence program efficiencies, which means businesses have no influence over program costs nor the ability to standardize what is collected in each community.

Regulations for printed paper and packaging also exist in British Columbia, Manitoba, Ontario and Quebec; however, the requirements for businesses vary in each province, potentially creating additional workload and expense.

Future State – Sustainability and Commitments

Through the regulatory review and engagement process, the ministry will work with stakeholders, the public and interest groups to create a sustainable program for packaging and printed paper that achieves a number of positive outcomes, including:

- Increasing opportunities for residents to reduce waste and ensuring an appropriate level of service to urban, rural and remote communities.
- Reducing the amount of waste entering Saskatchewan landfills and increasing Saskatchewan's recycling rate for paper and packaging to help reach the waste reduction targets of 30 per cent by 2030 and 50 per cent by 2040 in the Solid Waste Management Strategy.
- Reducing burdens on municipalities including administrative and financial burdens, as well as issues with stockpiling and marketing recyclable materials.
- Encouraging businesses to reduce the amount of packaging and printed paper placed into the market and/or improving the environmental performance of their packaging, such as reducing the amount of packaging or using materials that are easier to recycle.
- Increasing the collection of recyclable materials, especially plastics, so they are integrated back into the economy and utilized as a resource to create a circular economy.
- Encouraging investment in Saskatchewan and providing opportunities to take advantage of innovative local solutions and economies of scale.
- Minimizing regulatory burden for businesses by reducing regulatory red tape and harmonizing regulations with other jurisdictions as much as possible.

Commitments

National and international dialogue has brought forward increasing concerns about pollution and the effectiveness of municipal recycling programs. As a result, plastic waste has emerged as a global environmental priority. In 2018, the G7 nations, including Canada, agreed to the *Oceans Plastic Charter*, which contains commitments to work with industry to reduce plastic waste. Building on this work, the CCME created a Canada-wide Strategy on Zero Plastic Waste and Action Plans in an effort to keep all plastics in the economy and out of the environment, with the goal of reducing waste by 30 per cent by 2030 and 50 per cent by 2040. Saskatchewan supports the strategy and action plans and is demonstrating our commitment to reducing plastic waste by co-leading action items related to EPR and single-use and disposable plastic.

Saskatchewan has previously committed to working towards goals outlined in the CCME Canada-wide Action Plan for EPR and the Canada-wide Strategy for Sustainable Packaging, including working with stakeholders to achieve consistency in EPR programs, identifying best practices for EPR in northern and remote areas, full lifecycle cost accounting by producers for their products, and a shift towards greater packaging sustainability.

In an effort to reduce waste, protect our environment and support the CCME's strategies and action plans, the Ministry of Environment released Saskatchewan's [Solid Waste Management Strategy](#) in January 2020 as a framework for sustainable waste management in Saskatchewan. The provincial strategy, which outlines long-term goals for waste reduction in the province, was designed to address the ongoing challenges of waste management and identify potential new economic opportunities for the industry. Saskatchewan's strategy commits to the goals set in the Canada-wide Strategy on Zero Plastic Waste to reduce waste generated per person from 842 kg/person to 589 kg/person by 2030 (30 per cent reduction) and 421 kg/person by 2040 (50 per cent reduction).

Regulatory and Program Review – Areas for Consideration

A number of factors have led to a need for a regulatory and program review, including evolving waste streams, global market changes, challenges for individuals, businesses and municipalities, and the government's commitments to provincial and federal waste reduction strategies. The review will allow the province to build on progress that has already been made through the Multi-Material Recycling Program and consider solutions that are aligned with the CCME Strategy on Zero Plastic Waste and Saskatchewan's Solid Waste Management Strategy. The ministry is looking for feedback from stakeholders on a number of topics including full producer responsibility, business exemptions, incorporating non-residential waste, and other areas outlined below. Additional areas for consideration may be revealed through the consultation process.

Full Extended Producer Responsibility Program

The current Multi-Material Recycling Program utilizes EPR policy, but is different from other EPR programs in Saskatchewan in that the program is currently funded through a cost-sharing arrangement between industry and municipalities and there are no consumer fees or deposits used to fund the program. In the current shared responsibility model for the Multi-Material Recycling Program, municipalities are operating the collection and handling of program materials; are struggling with the changing markets; and have little to no control over the production of the materials.

Discussion Questions

- *What would be some of the opportunities or challenges associated with shifting towards a full EPR program in Saskatchewan?*
- *If the program were to shift to a full EPR model, what factors need to be taken into consideration during the transition?*
- *One of the actions of the national Strategy on Zero Plastic Waste is to facilitate consistent EPR programs for plastic.*
 - *What elements of EPR need to be consistent across Canada?*
 - *What elements need to be specific to Saskatchewan?*

Business Exemptions

The regulation includes exemptions for businesses that have a single point of retail sale, generate less than \$2 million in gross revenue annually, or produce less than one tonne of packaging and paper annually. Similar exemptions exist in Manitoba and British Columbia for businesses that generate less than \$750,000 and \$1 million in annual revenues, respectively. Consideration to lowering the revenue threshold would result in more businesses participating and more closely align Saskatchewan's regulations with those in other provinces.

Discussion Questions

- *Should there be any exemptions or alternatives available for businesses that meet certain criteria?*
- *If there continues to be exemptions for businesses under a certain revenue threshold, what should be the revenue threshold to exempt businesses from participating in the program?*
- *Are there other criteria that should be considered when determining if a business qualifies for an alternative or exemption?*
- *What steps could the government take to ensure a level playing field among all producers, including online marketplaces that sell into Saskatchewan?*

Program Costs and Funding

As per the regulations, municipalities are reimbursed for up to 75 per cent of the costs to operate an efficient and effective residential waste diversion program for packaging and printed paper. The closure of China's commodity markets for secondary plastics and fiber has impacted the effectiveness of recycling in Saskatchewan, causing some municipalities to stockpile materials and/or no longer accept some or all types of plastics. Consequently, it could increasingly be the case that municipalities continue to struggle to fund their municipal recycling programs.

Discussion Questions

- *If you are a municipality, First Nation or regional waste management authority participating in the Multi-Material Recycling Program:*
 - *Is the program helping you divert packaging and printed paper away from the landfill?*
 - *Is the funding you receive through the Multi-Material Recycling Program meeting the needs of your municipal recycling program?*
 - *What challenges are municipalities facing in terms of rising costs?*
 - *What measures has your municipality taken to limit or reduce costs?*
- *If you are a waste management company:*
 - *What challenges are you facing in terms of rising costs?*
 - *What measures have waste management companies taken to limit or reduce costs?*
- *Is there sufficient competition within the waste management industry to ensure municipalities can benefit from a competitive marketplace?*

Designated Materials

Considering the world-wide efforts to reduce the amount of plastic in our environment and landfills, the scope of the regulation could be expanded to include packaging-like products, such as food storage bags and containers, as well as single-use plastic items, such as drinking straws and plastic cutlery. Adding packaging-like products and single-use plastic items to the regulations could provide incentives for industry to reduce the amount of these items placed into the market or encourage industry to redesign their products and packaging-like products.

Discussion Questions

- *What should the scope of obligated materials include?*
- *Are there any products or materials that should be exempt from being obligated by the regulations?*
- *Are there any issues with the current definition of obligated products?*

Recovery Rates and Performance Targets

The CCME encourages jurisdictions to include material-specific targets for collection and diversion rates as well as overall targets for the EPR program. In addition, to track the success of the EPR programs in meeting the CCME's broader sustainability objectives, jurisdictions are encouraged to track and set targets for sustainability performance indicators such as packaging reduction, recycled content, recyclability, compostability and product to packaging ratios. This kind of information would provide insight into how materials are performing through the system and could help to drive improvements in overall packaging sustainability beyond what may otherwise be achieved through EPR.

Discussion Questions

- *What should be taken into consideration when setting recovery rate targets?*
- *How can regulators best encourage producers to reduce the use of hard-to-recycle or non-recyclable packaging, such as flexible packaging with plastic laminates or multi-material packaging?*
- *Is there a role for energy recovery (i.e. waste-to-energy) in the program? If so, what factors should be considered?*
- *Should the regulations require reporting on sustainability performance indicators? If so, what indicators should be considered?*

Non-Residential Waste

While most recycling programs in Canada focus on residential waste through curbside collection programs, over 60 per cent of municipal waste comes from a number of different sectors such as office buildings, warehouses, stadiums, grocery stores and food services, and institutions, collectively referred to as the Industrial, Commercial and Institutional (ICI) sector.¹ Some of the greatest opportunities for improvement in reduction and diversion of waste in Saskatchewan lie with the ICI sector.

The ICI sector is complex and may require a measured, phased approach that considers the diversity of the sector. It will be important to consider what policy tools, such as EPR, may look like for the sub-sectors involved, as well as the different management needs and economic impacts. Through this initial consultation, the ministry is soliciting feedback on approaches to ensure greater waste diversion from landfills and better recycling outcomes, along with more information to fully understand the related waste management challenges in Saskatchewan for the ICI sector.

Through the CCME Canada-wide Action Plan for EPR, Saskatchewan has committed to working towards managing all packaging currently handled by municipalities or generated from the ICI sector, either as waste or through recycling programs. Addressing non-residential waste is also critical to meeting an objective outlined in our provincial Solid Waste Management Strategy, to engage with stakeholders,

¹ 2019. Canadian Council of Ministers of the Environment. "Strategy on Zero Plastic Waste".
URL: https://www.ccme.ca/en/current_priorities/waste/waste/strategy-on-zero-plastic-waste.html

including municipalities, private landfills, recycling organizations and private sector businesses to develop a diversion program for non-residential waste. Including the ICI sector in the Multi-Material Recycling Program or in its own program, could decrease the amount of paper and packaging waste going to landfills and increase the recycling rate of these materials.

Discussion Questions

- *Should packaging and paper supplied or distributed to the industrial, commercial and institutional (ICI) sector should be included in the regulations?*
 - *If so, should the materials be managed by a separate regulation and program than the current regulations and program for residential packaging and paper?*
- *Should regulating packaging and paper from the non-residential sectors be a priority?*
- *What policy approaches would help increase diversion from landfills and better manage non-residential materials?*
- *Are there sources of non-residential waste that should be the primary focus for better management, such as food services, office buildings, or warehouses?*

Regulatory Red Tape Reduction

Regulatory red tape impacts all residents and businesses and reduces the efficiency of government. Inconsistent, unclear, out-of-date and duplicative regulations create hardship for Saskatchewan people and business and act as barriers to economic growth. The reduction of red tape and regulatory burden is a priority for the Government of Saskatchewan. In 2014, the government launched a red tape reduction effort to identify red tape irritants across government, estimate their cost, and address them.

If your business is obligated by *The Household Packaging and Paper Stewardship Program Regulations*, please help us to identify and address red tape irritants by participating in the ministry's Red Tape Reduction online survey. MMSW has also distributed this survey to its members who are obligated by the regulations.

Discussion Questions

- *If your business is obligated by the regulations to participate in the program, are you aware of red tape associated with the regulations or related policies and procedures that is negatively impacting your business or industry?*
- *Do you have suggestions on how the Government of Saskatchewan can remove or reduce regulatory red tape?*

Other Areas to Consider

Please let us know if there are other areas that we should consider during the review of the regulations and program that have not been outlined in this discussion paper.

Closing

The information received during the engagement process will help to ensure an effective and efficient Multi-Material Recycling Program. Once engagement has been completed, a detailed summary of the input received will be made available.

Your input will help the government better understand key interests and concerns to be considered during regulatory review. Thank you for your participation in the review process. We look forward to reviewing your responses.

Contact

Details of the virtual engagement sessions and a link to the online survey can be found on the ministry's website at saskatchewan.ca/environment. Written submissions and questions can be forwarded to:

Ministry of Environment
Environmental Assessment and Stewardship Branch
Attn: Packaging and Printed Paper Review
4th Floor, 3211 Albert Street
Regina, SK S4S 5W6
waste.management@gov.sk.ca