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**Subject:** Update on Extended Producer Responsibility - Batteries

**Report to:** Public Works Committee

**Report date:** Tuesday, July 14, 2020

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## **Recommendations**

1. That the Commissioner of Public Works **BE AUTHORIZED** to enter into an agreement on behalf of The Regional Municipality of Niagara with Call2Recycle Canada Inc. for the funding of the Region's Drop-off Depot Battery Collection and Recycling Program in a form satisfactory to the Director of Legal & Court Services;
2. That the Director of Waste Management Service or his/her delegate **BE AUTHORIZED** to enter into negotiations with Raw Materials Company Inc. for an agreement for the funding of Niagara Region's Multi-Residential Battery Collection and Recycling Program; and
3. That Niagara Region Public Works staff **BE AUTHORIZED** to cease operation of the Curbside Battery Collection and Recycling Program as of July 1, 2020.

## **Key Facts**

- The purpose of this report is to seek Council's approval to enter into an agreement with Call2Recycle Canada Inc. ("Call2Recycle") for the funding of Niagara Region's Drop-off Depot Battery Collection and Recycling Program for an initial term of one year with a provision for automatic renewal for subsequent terms of one year each. The agreement may be terminated by either party at any time for any reason with at least 180 days' prior written notice.
- The report is being submitted to Committee post July 1, 2020 due to staff working out the details of Extended Producer Responsibility as it relates to battery collection and recycling. This will not impede the Region's ability to obtain funding from July 1<sup>st</sup> onward.
- Niagara Region has operated a Household Hazardous Waste (HHW) program for the past thirty-four years, which includes the collection and recycling of batteries in order to provide residents with options to properly dispose of batteries and to ensure they are recycled and disposed of safely.
- Niagara Region's Battery Collection and Recycling Program consists of curbside battery collection, HHW drop-off depot and multi-residential building collection programs.

- The Ministry of Environment, Conservation and Parks has directed that the current used Battery Program, operated by Stewardship Ontario through the Municipal Hazardous or Special Waste (MHSW) Program under the *Waste Diversion Transition Act, 2016*, is to cease operation for batteries only on July 1, 2020.
- Since 2011, Niagara Region has received funding under the Stewardship Ontario Battery Incentive Program to offset the costs of collecting, transporting and recycling of single-use batteries, which will expire as of July 1, 2020.
- With the Province moving to an Extended Producer Responsibility funding model, in order to retain a level of funding beyond July 1, 2020, staff are recommending that Niagara Region enter into a funding agreement with Call2Recycle based on Call2Recycle's experience, existing battery producer agreements, established battery recycling infrastructure, and funding rate.
- As a result of increasing costs and decreasing funding, as well as the availability of other drop-off locations, staff are recommending that the Curbside Battery Collection and Recycling Program end as of July 1, 2020.
- Staff are seeking approval to negotiate an agreement with Raw Materials Company Inc. as service provider for funding of the multi-residential battery collection and recycling program after July 1, 2020.

## **Financial Considerations**

Since 2011, Niagara Region has received funding for the collection and recycling of household batteries. Under the current funding agreements with Stewardship Ontario and Raw Materials Corporation, Niagara Region's battery collection and recycling program has been a net revenue generator. Funding under the existing program has been a combination of an hourly rate for the operation of the battery program through the HHW Drop-off Depots by Stewardship Ontario and a per kilogram rate for batteries collected through Raw Materials Corporation (Niagara Region service provider) for the curbside, HHW drop-off depot and multi-residential battery collection program.

As of July 1, 2020, under the Extended Producer Responsibility (EPR) model that would be facilitated through Call2Recycle, funding will be received based on the collected weight of batteries at a rate of \$0.55 per kilogram. Table 1 provides a comparison of net costs (revenues) for 2019 for each battery collection program under the existing funding mechanism and under the proposed EPR agreements. The costs for each battery collection program are directly attributable to the program, such as contractor costs and promotion and education materials, but exclude any allocation of staff-related costs required to operate the programs. Under EPR funding, the HHW drop-off depot program

would be funded directly by a Producer Responsibility Organization while the curbside and multi-residential programs would be funded by the service provider (battery hauler).

In 2019, Niagara Region received a total of \$25,408 in funding which was used to offset \$13,878 in direct costs of the battery collection and recycling program resulting in a net funding surplus of \$11,530. Under the revised EPR funding agreements, Niagara Region would receive a total of \$12,955 of funding, resulting in a net cost of \$923.

Table 1 – Comparison of Net Cost (Revenue) under Current vs. EPR Funding Agreements

<b>Battery Program</b>	<b>Current Program Funding Model Net Cost (Revenue)</b>	<b>EPR Program Funding Model Net Cost (Revenue)</b>
Curbside Collection	\$2,382	\$9,645
HHW Drop-off Depot	(13,600)	(8,410)
Multi-Residential	(312)	(312)
<b>Total Net Cost (Revenue)</b>	<b>(\$11,530)</b>	<b>\$923</b>

## Analysis

### Background

Niagara Region established the Household Hazardous Waste program thirty-four years ago, which includes the collection and recycling of batteries. The purpose of the Battery Collection and Recycling Program is to provide residents with options to properly dispose of batteries to ensure that they are recycled and disposed of safely in order prevent them from being landfilled or entering the environment.

In addition to disposing of batteries at retail and other community collection locations, Niagara residents have the option of disposing of their household batteries in one of four ways:

**Curbside Battery Collection Program** – Niagara Region has operated a curbside battery collection program for the last seven (7) years. The curbside battery program is a one-week event, typically coinciding with Earth Week every April. Residents place their used batteries at the curb on their regular collection day, next to their Grey/Blue

Box in a clear, sealed bag. A total of 45,802 kilograms (45.8 tonnes) of batteries have been recycled through the curbside battery program since the pilot in 2012. From April 22 to 26, 2019, a total of 7,696 kilograms (7.7 tonnes) of batteries were collected.

**Household Hazardous Waste Depots** – Residents can drop off their batteries year round at one of Niagara Region's four HHW depots located at the Bridge Street Landfill (Fort Erie), Humberstone Landfill (Welland), Niagara Road 12 Landfill (West Lincoln) and Thorold HHW Drop-off depot (Thorold). In 2019, a total of 15,291 kg (15.3 tonnes) of batteries was collected at the drop-off depots.

**Keen on Green Initiative for Niagara Region Facilities** – Batteries are collected at Niagara Region facilities through the Corporate Keen on Green initiative, which is committed to keeping batteries out of the landfill. Battery pails and drums have been provided by Raw Materials Corporation at all Niagara Region building locations. Since 2013, over 2,820 kg (2.82 tonnes) of household batteries have been collected for recycling and Keen on Green has donated over \$2,100 to the United Way from the proceeds of this program.

**Multi-Residential Buildings** – A multi-residential battery collection program was launched in late 2016 to provide a convenient and accessible service for residents living in multi-residential buildings to safely dispose of their household batteries. There are currently sixty-nine (69) multi-residential properties across Niagara participating in the program. In 2019, a total of 567 kg (0.57 tonnes) of batteries were collected for recycling. Since 2017, a total of 1,166 kg (1.16 tonnes) of batteries have been collected through the Multi-Residential program.

## **Extended Producer Responsibility**

Since 2011, Ontario municipalities have been eligible to receive funding to offset the costs of collection, transportation and processing of single-use batteries. During this time Stewardship Ontario, a not-for profit organization funded and governed by industry stewards, has been responsible for the management of the battery collection program, including funding.

With the enactment of the *Resource Recovery and Circular Economy Act, 2016* (RRCEA), the Province is shifting to a producer responsibility framework for products and packaging, making producers and brand holders accountable for recovering resources and reducing waste associated with products.

The Ministry of Environment, Conservation and Parks has directed that the current used Battery Program, operated by Stewardship Ontario through the Municipal Hazardous or Special Waste (MHSW) Program under the Waste Diversion Transition Act, 2016, is to cease operation for batteries only on July 1, 2020.

The [Province's Made-in-Ontario Plan](https://prod-environmental-registry.s3.amazonaws.com/2018-11/EnvironmentPlan.pdf), released on November 29, 2018, refers to and reinforces the Province's position on EPR: "Make producers responsible for the waste generated from their products and packaging" (<https://prod-environmental-registry.s3.amazonaws.com/2018-11/EnvironmentPlan.pdf>). Public Works Committee was informed of this plan in WMPSC-C 9-2019. The RRCEA will put in place a new framework that makes individual battery producers responsible for the collection and end-of-life management of batteries. The two categories of batteries that fall within the new framework are:

- primary batteries (single use); and
- rechargeable batteries

The RRCEA identifies targets that producers are to meet for collection and recycling of batteries. Producers may use a third party organization called a Producer Responsibility Organization (PRO) to oversee this process. As the battery recycling program transitions to producers on July 1, 2020, municipalities will be able to enter into an agreement with a PRO.

### **Extended Producer Responsibility Funding**

As of July 1, 2020, battery funding will change as the management of batteries transitions to battery producers. Niagara Region's current funding is based on two methodologies. The curbside collection, Keen on Green and multi-residential programs are funded on a per kilogram basis, while HHW Drop-off Depots receive funding based on an hourly rate for the operation of the collection depots.

In 2019, the Battery Collection and Recycling Program generated \$25,408 in funding which was used to offset overall program costs and resulted in a net funding surplus of \$11,530. By comparison, it is estimated that applying the new EPR funding would have resulted in \$12,955 in total funding and a net program cost of \$923 in 2019.

## **Producer Responsibility Organizations**

At the current time there are three registered battery PROs in Ontario - Call2Recycle, Canadian Battery Association and Ryse Solutions Inc. Staff understand that Call2Recycle and the Canadian Battery Association have signed a Memorandum of Understanding to form a partnership.

Call2Recycle was established in 1997 to recycle batteries and cellular telephones. Over the years, they have built on their experience and have established a robust battery recycling infrastructure across Canada. Call2Recycle have secured agreements with over three hundred battery producers from national brands and retailers with private labels to manage batteries on their behalf. For these reasons, staff recommend contracting with Call2Recycle.

Niagara Region has received a draft agreement from Call2Recycle for the funding of the collection and recycling of batteries at Niagara Region Drop-off Depots. The fundamental terms of Call2Recycle's agreement include:

- Funding - Niagara Region will receive \$0.55 per kilogram of collected batteries
- Contract Term - one year contract with automatic one year annual renewals, with option to end the contract with a minimum 90 days' notice prior to the end of the term
- Termination- by either party for any reason upon 180 days' prior written notice at any time
- Eligible batteries - both single use and rechargeable batteries will be accepted and eligible for funding

Staff are recommending that Niagara Region enter into an agreement with Call2Recycle based on Call2Recycle's experience in battery recycling, existing agreements with battery producers across Canada, established battery recycling infrastructure, and funding rate.

Call2Recycle only provides funding for the collection and recycling of batteries at drop-off depots. As a result, at the time of writing this report, staff are in discussion with Raw Materials Company for the funding of the Multi-Residential Battery Collection and Recycling Program. The current agreement with Raw Materials Company expires on June 30, 2020. Although the EPR system is in effect as of July 1, 2020, it is not anticipated that residents will experience any disruptions in service while new

agreements are being implemented with PROs and / or service providers during the transition of batteries to EPR.

## **Curbside Battery Collection and Recycling Program**

Due to increasing Contractor costs and decreasing funding as of July 1, 2020, staff is estimating a net cost increase of approximately \$10,000 in 2021 for the operation of the Curbside Battery Collection and Recycling Program. As a result, it is recommended that the Curbside Battery Collection not continue at this time.

## **Alternatives Reviewed**

Two possible alternatives were considered for the collection and recycling of batteries. The first option is for Niagara Region to end the entire Battery Collection and Recycling Program since producers will now be responsible for the collection and overall management of batteries in Ontario. This option was not pursued since producers may experience challenges in the first year of transitioning to the management of the battery recycling program. However, it is recommended that Niagara Region staff review the Battery Recycling and Collection Program annually in order to determine if, and when, it is suitable to end the Battery Collection and Recycling Program.

The second option is for Niagara Region to not enter into an agreement with Call2Recycle or any other PRO and to fund the entire battery recycling program. This option would preserve current service levels, maintain convenience for residents and assist in eliminating batteries from entering the landfill or natural environment. This option is not recommended since, without an agreement, Niagara Region would not receive any funding and would assume full costs of the Battery Collection and Recycling Program.

## **Relationship to Council Strategic Priorities**

This recommendation aligns with Council's strategic priority of Responsible Growth and Infrastructure Planning, specifically as it relates to Environmental Sustainability and Stewardship. By entering into an agreement with Call2Recycle, Niagara Region will continue to optimize waste diversion opportunities, minimize costs and maintain convenience for Niagara residents.

## Other Pertinent Reports

- WMPSC-C 2-2020
- WMPSC-C 9-2019

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