



SASKATCHEWAN WASTE PAINT MANAGEMENT PROGRAM 2017 ANNUAL REPORT

Reporting Period: January 1, 2017
to December 31, 2017

Submitted By:
Mannie Cheung,
Vice-President, Operations
Product Care Association of Canada
105 W. 3rd Ave
Vancouver, BC, V5Y 1E6



Table of Contents

1	Introduction	3
2	Program Summary	3
3	Collection System	3
4	Program Products Collected	4
4.1	Tubskids Collected	4
4.2	Residual Volumes Collected	4
4.3	Recovery Rate	4
5	Product Management	5
5.1	Reuse (PaintReuse Program)	5
5.2	Recycling	5
5.3	Energy Recovery	5
5.4	Incineration	6
5.5	Landfill	6
5.6	Container Recycling	6
6	Public Education and Communications	7
6.1	Advertising	7
6.2	Point of Sale and Point of Return Materials	7
6.3	Program Website	7
6.4	Toll-Free Number	7
6.5	Events / Partnerships	8
7	Financial Information	9
	Appendix A: Example of Grey Cup Social Media Contest Post	10
	Appendix B: PaintReuse Poster for SARCAN Depots	10
	Appendix C: Floor Decal	11
	Appendix D: Collection Site Finder	11

List of Tables

Table 1: Tubskids Collected	4
Table 2: Estimated Residual Volumes of Paint Collected	4
Table 3: Recovery Rate	5
Table 4: Material Processing Methods and Volumes Processed	6
Table 5: Financial Summary	9
Table 6: Environmental Handling Fees 2017	9

1 Introduction

The Saskatchewan Waste Paint Management Program (“Program”) is operated and managed by Product Care Association of Canada (“PCA”). PCA is a federally incorporated, not-for-profit product stewardship association formed in response to stewardship regulations and is governed by a multi-sector industry board of directors.

This annual report is prepared in accordance with the requirements outlined in *The Waste Paint Management Regulations Chapter E – 10.21 Reg 3* (“Regulation”) issued under *The Environmental Management and Protection Act 2010*, and the commitments set out in the Saskatchewan Waste Paint Product Management Program Plan approved by the Saskatchewan Minister of Environment on May 7, 2005. This report provides information for the period covering January 1 – December 31, 2017.

PCA operates product stewardship programs for paint in seven other Canadian provinces: British Columbia, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland & Labrador. PCA also operates programs for household hazardous wastes in British Columbia, Manitoba and Ontario; lamps in British Columbia, Manitoba, Quebec and PEI; and alarms in British Columbia. See the PCA website at www.productcare.org for more information.

2 Program Summary

As stated in section 2(c) of the Regulation, the Program accepts the following categories of products (“Program Products”):

- i. Any latex, oil or solvent-based architectural coating;
- ii. Any architectural stain, varnish, lacquer or other wood or masonry treatment product; and
- iii. Any type of paint sold in a pressurized aerosol container.

The Program offers collection services throughout the province where consumers can bring leftover Program Products. Collection sites include SARCAN’s 72 depots, as well as various retail locations. The program also offers the PaintReuse Program, whereby better-quality paint collected at SARCAN depots is offered to the public for reuse at no charge. SARCAN, under contract, manages the collection and shipment of collected paint from its own depots to a processor for recycling. PCA manages the collection and shipment of collected paint from retailers to a processor for recycling.

Additional program elements managed by PCA include revenue management, communications and administration.

3 Collection System

PCA does not directly own or manage any collection sites, but rather contracts SARCAN to provide the collection services for left-over paint at its 72 depots across Saskatchewan. PCA also contracts and partners with 14 retail locations throughout the province to provide additional collection sites.

In addition to the established collection network, PCA participated in 27 one-day collection events around the province in partnership with municipalities, as part of their Household Hazardous Waste Day events.

4 Program Products Collected

4.1 Tubskids Collected

The Program utilizes tubskids (approximately 4'x4'x3' plastic boxes) for the collection and transportation of leftover paint. Table 1 provides the number of tubskids collected in 2017.

Table 1: Tubskids Collected

Tubskids Collected	2017
Paint	2,223
Aerosol	84
Total	2,307

4.2 Residual Volumes Collected

Residual volume refers to all paint collected¹, including volumes reused through the PaintReuse program. Table 2 provides the estimated residual volumes of paint collected in 2017.

Table 2: Estimated Residual Volumes of Paint Collected

Paint Collected	2017
Water-based paint	305,182 L
Oil-based paint	104,719 L
Total Collected	409,901 L

4.3 Recovery Rate

Recovery rate compares the volume of products collected by the Program during the year with the volume of products sold over the same period.² In the context of Program Products, using recovery rate as an indicator of program performance should be treated with caution as it is not necessarily an accurate measure of success:

- Paint is designed to be consumed, therefore it is arguable that a low recovery rate could indicate strong program performance, suggesting consumers are being efficient with the use of the consumable products they purchase. Indeed, PCA actively promotes reduction by promoting campaigns highlighting the BUD rule: “Buy what you need, Use what you buy and Dispose of leftovers safely.” This rule serves to reduce the amount of waste generated, which further drives down the recovery rate.
- The relationship between volumes of Program Products purchased and recycled is not linear. Program Products have a long shelf life and leftover product may be stored by the consumer for long periods of time with the intention of later use.
- The time span between the purchase of a product and the decision by a consumer that it is no longer needed varies considerably and is heavily dependent on consumer habits.

Table 3 sets out the volume of paint sold, paint collected and recovery rate for 2017.

¹ Volume collected is calculated using 101 litres / tubskid of latex paint, 42 litres / tubskids of oil-based paint, and 57 litres / tubskid for aerosol paint. Volumes include PaintReuse.

² Recovery rate is calculated by dividing the volume of residual paint collected by the volume of paint sold each year.

Table 3: Recovery Rate

Recovery Rate	2017
Sales	6,095,801 L
Total Collected	409,901 L
Recovery Rate ³	6.7%

5 Product Management

The Program employs a number of methods for managing recovered paint including reuse, recycling (both paint and containers), energy recovery, landfill, and incineration. These approaches are described in greater detail below. Table 4 below summarizes the volumes of paint managed according to each processing method in 2017 as reported by the processors responsible for each processing method.

5.1 Reuse (PaintReuse Program)

The PaintReuse Program is offered through all 72 SARCAN depots. Paint collected at the depots and deemed reusable is made available to members of the public at no charge. In 2017, a total of 86,460 litres of paint collected by the Program was taken for reuse by members of the public through the PaintReuse Program, including approximately 79,725 litres of water-based paint and 6,735 litres of oil-based paint. Volumes are calculated based on the assumption that the average paint container is 75% full.

5.2 Recycling

177,048 litres of latex water-based paint were processed by the Program back into paint. Regulatory limits on VOCs and a limited market for oil-based paints makes them difficult to recycle. Consequently, oil-based paints are sent for energy recovery.

Volumes of paint collected in 2017 may not have been shipped or processed in the same calendar year and are therefore managed in the following program year.

5.3 Energy Recovery

Oil-based paint is often not suitable for recycling. In some cases, the paint may be in the form of skins or sludge, of an undesirable color, contaminated or of the wrong chemistry for paint recycling. In addition, Federal VOC Regulations require more stringent limits on certain chemical constituents, which tend to be found in higher concentrations in older paints, making it difficult to recycle. Finally, the market for recycled oil-based paint is significantly smaller than that for water-based products and demand continues to decline.

Due to the high solvent content of oil-based (alkyd) paints, these products are suitable for energy recovery. Through the process of fuel blending, some of the oil-based paint collected by the Program that is not suitable for paint recycling is used as an alternative energy source in applications such as permitted incinerators.

³ Recovery rate includes PaintReuse volumes.

In 2017, 93,619 litres of oil-based (alkyd) paint and paint from paint aerosols was blended with other fuels and utilized as an alternative energy source in waste to energy applications such as licensed / permitted incineration.

5.4 Incineration

In 2017, 820 litres (approximately 4 drums) of oil-based (alkyd) paint exhibiting PCB contamination were incinerated at a permitted incinerator.

5.5 Landfill

The Program recovered 39,789 litres of water-based paint that could not be reused or recycled. This paint was solidified and sent to landfill.

5.6 Container Recycling

In 2017, 42.4 tonnes of metal paint cans were sent to scrap metal dealers for recycling. In addition, 1.7 tonnes of plastic paint containers were sent to plastics brokers for recycling, and another 45.8 tonnes of containers, both metal and plastic, were sent for recycling as commodities. This represented 100% of all containers processed by the Program.

Table 4: Material Processing Methods and Volumes Processed

Material Process Method	Total
Reuse (PaintReuse Program) Total	86,460 L
Water-Based Paint	79,725 L
Oil-Based (alkyd) Paint	6,735 L
Recycling	177,048 L
Energy Recovery	93,619 L
Incineration	820 L
Landfill	39,789 L
Total Litres Processed	397,736 L
Metal containers recycled	42.4 Tonnes
Plastic containers recycled	1.7 Tonnes
Mixture of metal and plastic containers ⁴	45.8 Tonnes
Total Tonnes Recycled	89.9 Tonnes

⁴ This includes plastic and metal containers that are not reported out separately, and containers that are made of both plastic and metal.

6 Public Education and Communications

The Program maintains high levels of consumer awareness by engaging with its stakeholders, including the general public, consumers, collection locations, municipalities, and retailers. The following is a summary of the public education strategies used in 2017.

6.1 Advertising

The Program engaged its target audience through a variety of advertising mediums. These include:

- **Digital Campaign:** As in previous years, the Program's digital marketing efforts included syndicated bilingual Facebook posts, targeted digital display ads, and smart digital display (i.e. retargeting or re-serving ads to pre-qualified users who had engaged with the Program's website at some previous point in time). Digital ads were specifically targeted to internet users who performed online searches related to paint product purchasing, use, and disposal. Additionally, the Facebook advertising campaign pursued a "gated" strategy, meaning content was targeted specifically at residents of Saskatchewan.
- **Global TV:** A province-wide campaign with Global TV ran from February to August 2017. This campaign included heavy rotations of 15-second traditional commercial spots that aired on prime time during high viewership news programming. 300 spots aired in total.
- **Radio:** A Grey Cup radio campaign ran on the Rider Radio Network through Harvard Broadcasting between June and November 2017. Spots aired during Saskatchewan Roughrider games on radio stations in Regina, Yorkton, Prince Albert, North Battleford, and Saskatoon. Together, this network of stations created province-wide coverage for the campaign. This promotion was complemented by a social media giveaway for two Grey Cup tickets, round-trip airfare, and three nights of accommodation at the Hyatt Regency in Toronto (see Appendix A). The Grey Cup package was provided by Harvard Broadcasting as part of the radio buy.

6.2 Point of Sale and Point of Return Materials

Program posters, rack cards, and signage for both retailer and collection site audiences were replenished upon request, free of charge. A dedicated online re-order form for these materials is hosted on the Program website (see Appendix B - C for examples).

6.3 Program Website

ReGeneration.ca provided consumers with the following bilingual content for the Program in Saskatchewan:

- A geography-based collection site finder (see Appendix D).
- Collection site hours of operations.
- Program accepted product list.
- Contact information for key program staff.

An estimated 89,756 unique visitors utilized the website during the 2017 calendar year. The Program pages specific to Saskatchewan received 2,141 visits.

6.4 Toll-Free Number

PCA operated a toll-free number (1-888-772-9772) to answer consumer inquiries about the Program.

6.5 Events / Partnerships

PCA continued to participate in events and build upon its partnerships within Saskatchewan in 2017. This included participating in the following events:

- Saskatchewan Urban Municipalities Association tradeshow,
- Association of Regional Waste Management Authorities of Saskatchewan workshop and AGM
- Ministry of Environment's Solid Waste Management Plan's stakeholder engagement meetings in Saskatoon and Regina.

The Program also continued its partnerships with the following organizations:

Saskatchewan Waste Reduction Council

PCA is a sustaining member of the Saskatchewan Waste Reduction Council (SWRC). The Council helps promote responsible recycling of paint as part of its "Where do I recycle my..." online database. They also ran a booth for PCA and other product stewardship organizations at two home shows in Saskatoon (Homestyle's home show) and Regina (Spring Home show) in March.

Recycle Saskatchewan

PCA is a founding member of Recycle Saskatchewan (RS), a primarily government-facing group serving as a unified voice for product stewardship programs and supporting the growth of a recycling minded culture within the province. As part of RS, the Program:

- Included a page on the RS website (www.recyclesaskatchewan.ca).
- Sponsored and took part in the SWRC workshops.
- Partnered with the Saskatchewan Environmental Society and took part in the Saskatchewan Living Green Expo, a tradeshow focused on sustainable lifestyles.

Association of Regional Waste Management Authorities of Saskatchewan

PCA continues to be an associate member of the Association of Regional Waste Management Authorities of Saskatchewan (ARWMAS). Through this membership, PCA participates on a monthly conference call with other members, which includes managers of the various regional waste management authorities, representatives of other product stewardship organizations, private waste and recycling contractors and representatives from SUMA, provincial and municipal government. These calls provide opportunities to share program information, answer questions and generally raise program awareness among those working in the waste and recycling fields. PCA also attended ARWMAS's annual conference in October.

7 Financial Information

A summary of the Program's financials for 2017 is provided in Table 5.

Table 5: Financial Summary

2017 Revenue and Expenses ⁵	\$'000
Total PaintRecycle Revenue	933
Program Operations	775
Program Administration	73
Education, Public Awareness & Communications	70
Total Operating Expenses	918
Surplus / Deficit	15
Cumulative Surplus (Reserve)	605

Any surplus in revenue is retained as a reserve to cover any deficits in future years, subject to PCA's Reserve Policy. The Program Plan stipulates that surplus funds will be used only for Program costs and may not be used to cross-subsidize other programs. In addition to insurance coverage, the accumulated surplus also functions as an element of the Program's environmental risk management system.

Sales and revenues have remained flat since 2013, but recoveries have been steady or increasing, resulting in annual operating deficits and depleting reserves. As a result, at the direction of PCA's board of directors, the Program implemented a fee increase in October 1, 2017. See Table 6 for the fee rate changes.

Table 6: Environmental Handling Fees 2017

Container Size	Rates until September 30, 2017	Rates as of October 1, 2017
100 ml to 250 ml	\$0.10	\$0.20
251 ml to 1 litre	\$0.25	\$0.35
1.01 litres to 5 litres	\$0.60	\$0.75
5.01 litres to 23 litres	\$1.50	\$1.95
Aerosol Paint (any size)	\$0.10	\$0.25

⁵ During the year, the PCA changed its accounting policy for the recognition for revenue from EHF's. In previous periods, PCA had recognized revenue from EHF's in the period that the related program materials were sold by the member. PCA has now decided to recognize revenue from EHF's at the end of the month following the reporting period that the program materials were sold by the member. Management believes that the new policy is preferable because it better reflects the requirements of PCA's membership agreements which defines the members' obligations under the various programs.

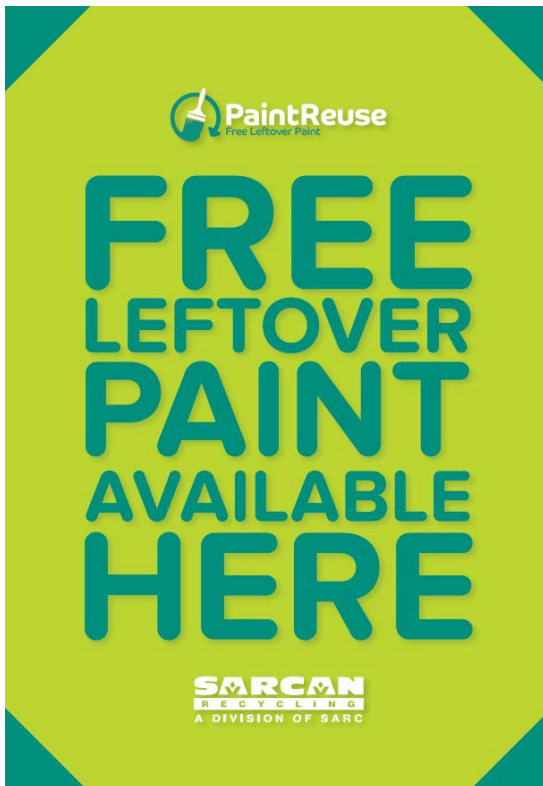
PCA has accounted for this change in accounting policy retroactively as a prior period restatement of opening accumulated surplus. As a result, accumulated surplus as at 1 January 2017 has decreased by \$46,267 which represents revenues that were previously reported in the 2016 fiscal year and are now reported in 2017 under the new accounting policy.

Appendix A: Example of Grey Cup Social Media Contest Post



The image shows a contest poster on the left and a screenshot of a Facebook post on the right. The poster is split vertically into green and dark green sections. The text on the poster reads: "WIN A ROUND-TRIP FOR TWO TO OTTAWA FOR THE BIG GAME!" and "TD Place, Ottawa | Nov 26". It features two stylized helmets with a white knot logo. Logos for "ReGeneration" and "SARCAN" are at the bottom. The Facebook post is from "ReGeneration", published by GAIN (?), dated September 12, 2017. The post text says: "CONTEST ALERT!! Here's your chance to win two roundtrips to Ottawa to go see the big game on November 26th! Prize includes two tickets to the game, return airfare for two from Saskatoon and three nights' accommodation! To participate: 1. Like the ReGeneration Facebook page; 2. Share your best Roughriders fan photos on the post below; 3. And let us know what it means for you to lead a green/ecofriendly lifestyle. Hurry, the contest ends September 25th!". The post has 31 likes, 13 shares, and 30 comments.

Appendix B: PaintReuse Poster for SARCAN Depots



The poster is green with a white knot logo at the top left. The text reads: "PaintReuse Free Leftover Paint" and "FREE LEFTOVER PAINT AVAILABLE HERE". At the bottom, it says "SARCAN RECYCLING A DIVISION OF SARC".

Appendix C: Floor Decal



Appendix D: Collection Site Finder

ReGeneration
Special Waste Recycling by productcare

PROGRAMS ABOUT NEWS EVENTS CONTACT

Select product
Paint

Enter a city or postal code
Saskatchewan, Canada

Refine distance
0km 50km 100km

There are 85 paint location(s) near you

1 **SARCAN Blaine Lake** 31.34 km
210 2nd Avenue West
Blaine Lake, SK, S0J 0J0
Mon - Fri 9:00am - 12:30pm & 1:30pm - 5:30pm
306-497-3378

2 **SARCAN Waldheim** 38.53 km
3rd Street
Waldheim, SK, S0K 4R0
Wed - Fri 9:00am - 4:00pm
306-945-2259

Collection Site Locator

Our collection sites are here to help you recycle your unwanted, leftover and broken products. Make sure to select the category and collection option that best suits your needs.

www.ReGeneration.ca/collection-site-locator