

# EXTENDED PRODUCER RESPONSIBILITY WEBINAR

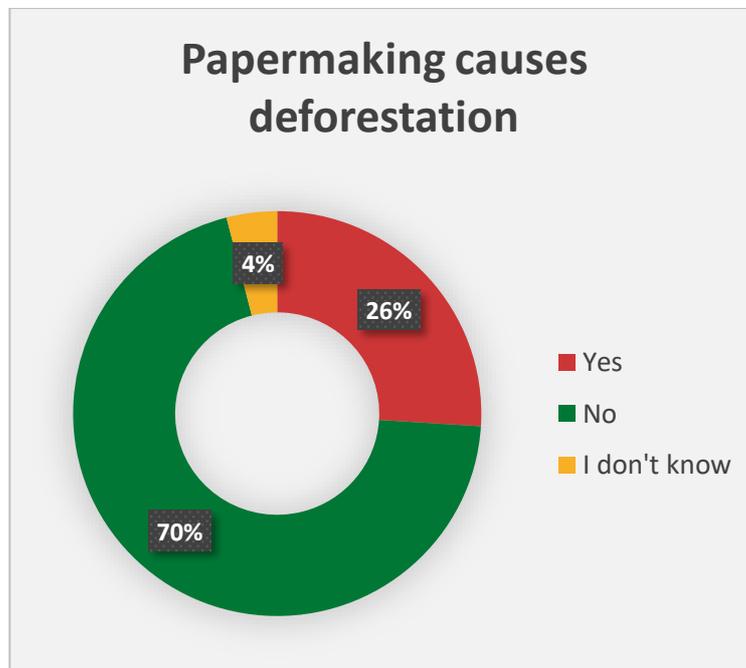
---

## WEBINAR RECORDING AND PRESENTATIONS

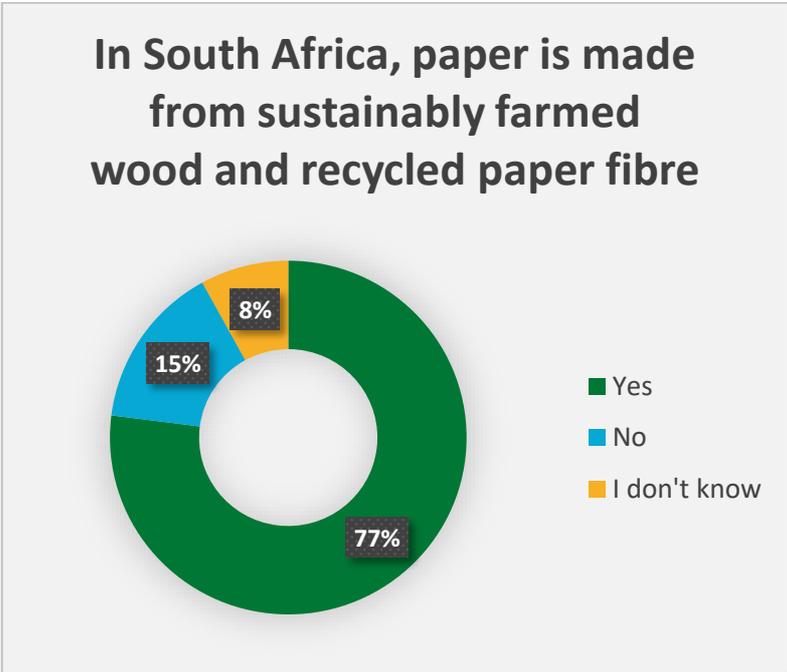
- To view a recording of the webinar, visit [YouTube](#).
- You can access PDF version of the presentations [here](#).

## POLL RESULTS

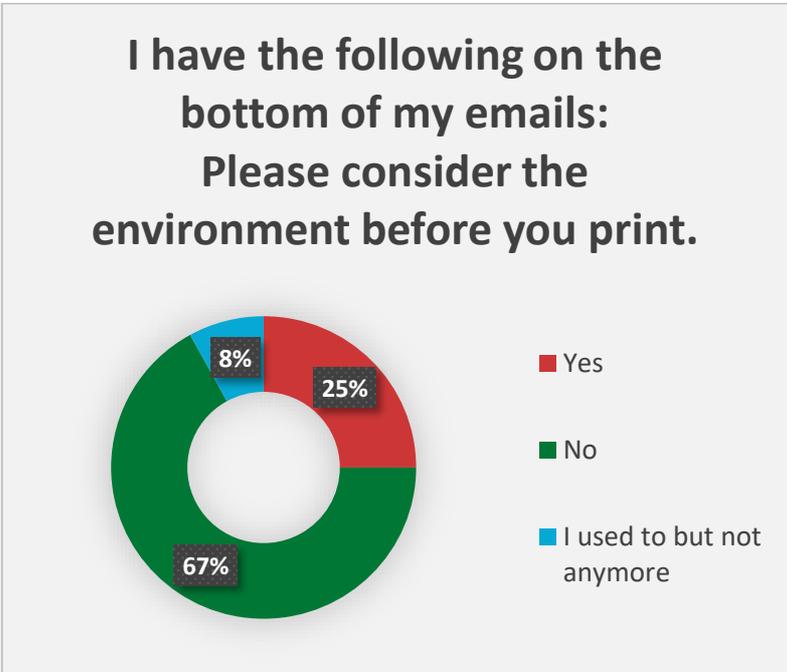
At the start of the webinar, we tested your paper knowledge by way of a poll. It yielded some interesting results. If you would like to learn more about our sector, [watch the latest video by PAMSA](#).



**Correct answer:** No, in South Africa, the trees used for pulp and paper come from sustainably and responsibly managed commercial timber plantations. Only a small percentage of the plantation areas is harvested in one year, and these trees are planted with saplings within the same year.

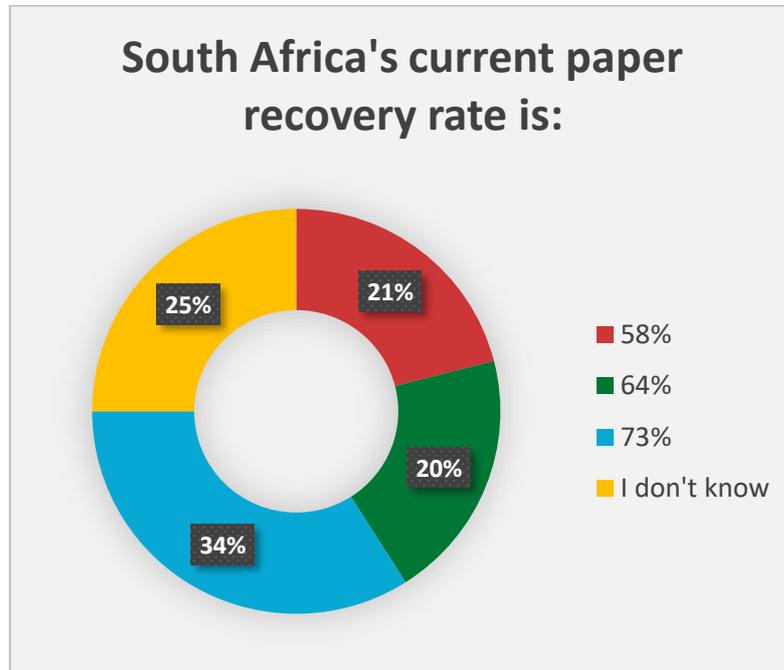


Correct answer: Yes, in South Africa, both the wood from sustainably farmed trees and the recycled paper fibre is used to make a variety of paper products.

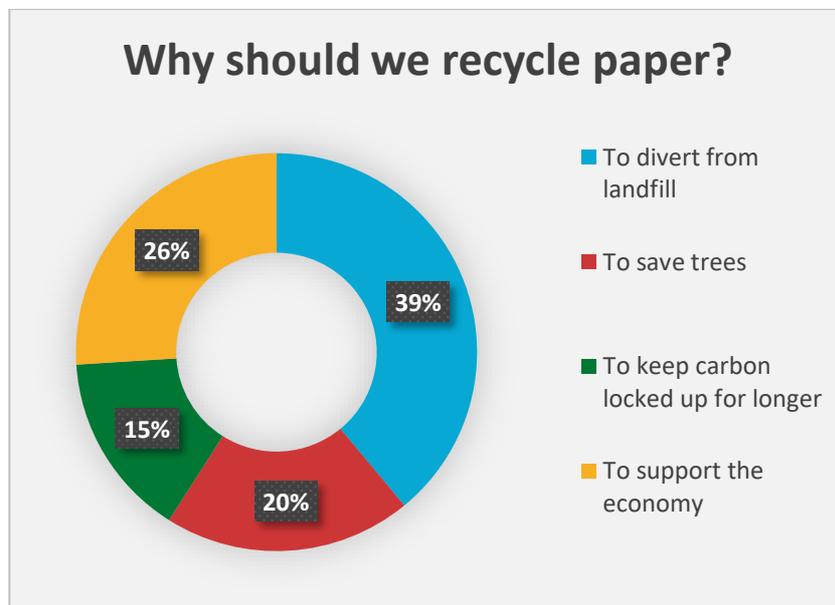


The footer is misleading. If the document is something you will refer to often, **print it out**. Every time you open a document on your computer, or send an email, you are using electricity – which is largely coal-fired in South Africa.

A better footer to use would be: "If you print this, please recycle it."



The correct answer is 73%, based on the 2020 paper production, consumption and recovery figures for South Africa.



This was a tricky question and allowed for a selection of correct answers. **The incorrect answer was "To save trees"**. As trees are sustainably farmed, they do not, in essence, need to be saved as there is always a plot that will be maturing each year, and another plot being replanted. This ensures a sustainable supply of trees for commercial use in wood, pulp and paper products.

The other options were all valid.

## General notes

Paper & paper packaging is an identified product.

- Paper is used for writing, printing or as a wrapping material.
- Packaging is used for the containment, transport, handling, protection, promotion, marketing or sale of a product.

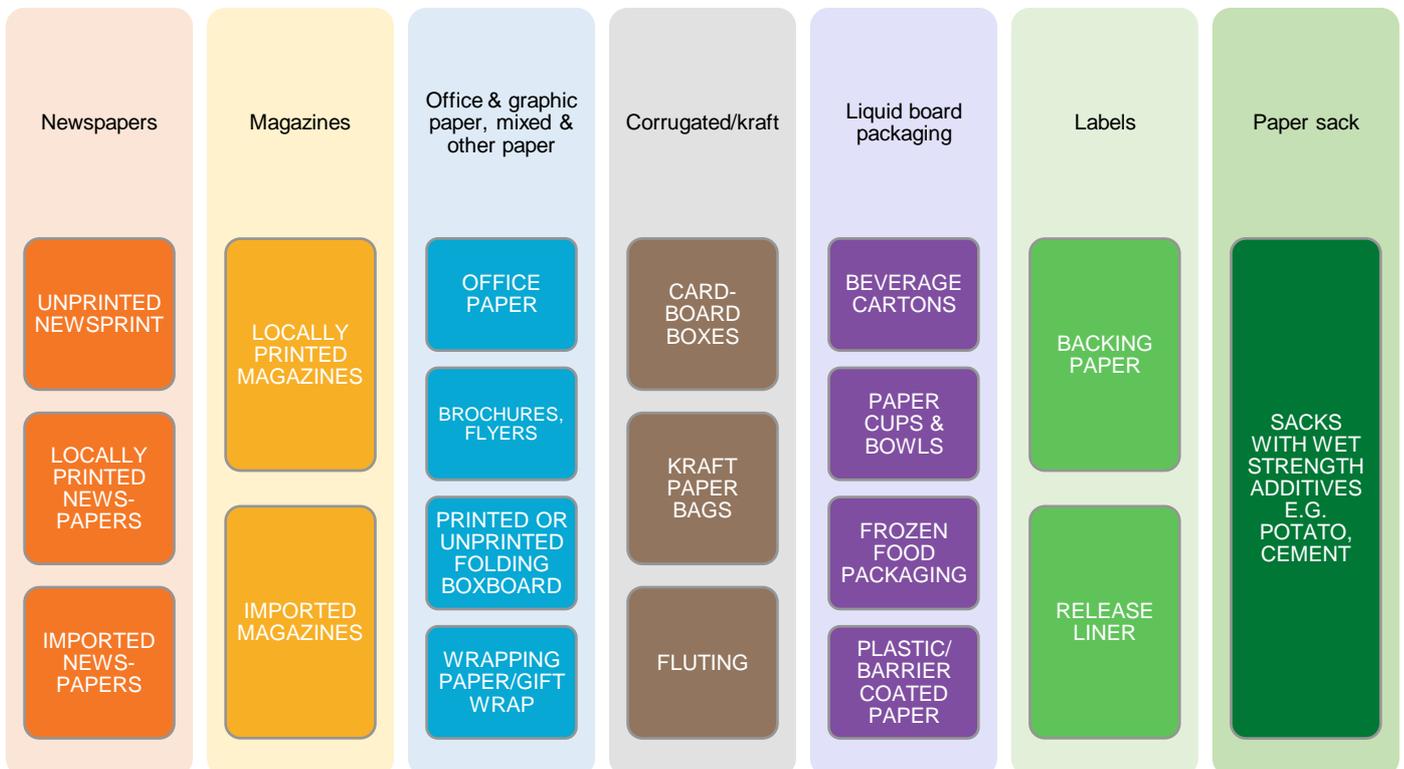
**"packaging"** means any **material, container or wrapping or corrugated cases**, used for the **containment, transport, handling, protection, promotion, marketing or sale of any product or substance**, which may be *primary packaging, containing the actual product* or *secondary packaging or tertiary packaging*, typically containing products already packaged in primary packaging, but excludes-

- (a) shipping containers used solely for the transportation of any consumer commodity in bulk to manufacturers, packers, or processors, or to wholesale or retail distributors thereof;
- (b) packaging made of timber and textile; and
- (c) plastic pallets and industrial bulk containers with a capacity exceeding 1000 litres;

**"paper"** means any substance made from **wood pulp, rags, straw, or other fibrous material** used for **writing, printing, or as a wrapping material**;

## Categories

Below is the set of categories against which we will be measured in terms of collection and recycling. We have included *some examples of paper-based products* that may fall within the identified categories.





## QUESTIONS & ANSWERS | 11 MAY 2021

This document comprises a consolidated set of questions that arose during the webinar on 11 May 2021 hosted by Fibre Circle.

### **1. As a brand owner how accurate are we expected to be with our reporting? Due to system and process complexity we may never be 100% accurate on the amount of paper or other packaging waste**

As Fibre Circle we have a system to assist you, but it will be based on modelling and the ITAC codes of the type of goods that you are importing.

### **2. Has Fibre circle registered as a PRO as yet and are you assisting producers with registration?**

Fibre Circle is a registered NPC and will register with DFFE through the online application that became available on 5 May when the regulations were published.

**INFORMATION ON REGISTRATION:** <http://sawic.environment.gov.za/epr/>

**REGISTRATION FORM:** <http://sawic.environment.gov.za/epr/regindex.php>

Contact Fibre Circle if you have any problem registering.

### **3. If a producer makes 100T of PET bottles but only uses 5T of paper labels, must they still register with Fibre Circle to pay EPR fee on the paper labels?**

No, the entity that imports or manufactures the labels will pay the EPR fee and they may elect to pass the EPR fee on to the company that procures the labels from them. This applies to all labels that have backing paper. Fibre Circle has elected to make the EPR fee payable at the narrowest point i.e. the entity which first puts the paper or paper packaging on the market. The correct PRO to join at this stage in the above example would be PETCO.

### **4. Would the fees paid by paper manufacturers to organizations such as PAMSA be seen as the EPR fee for products made from that paper? Or would that product be liable for the fee again now that it is converted into a product?**

No. Fees to PAMSA are association membership fees. Some of these companies are already paying EPR fees to Fibre Circle as they are manufacturers of paper. Converted paper to boxes or bags will not attract an extra direct EPR fees unless made unrecyclable or difficult to recycle such as wet strength paper sacks or liquid packaging board.

### **5. Does Fibre Circle cover paper labels or just the backing paper?**

We are responsible for labels that have a greater proportion of paper in their composition than those that don't. For example, plastic shrink wrap labels are not part of Fibre Circle. Importers and manufacturers of labels with backing paper will pay the EPR fee – the EPR fee is paid to Fibre circle on the entire tonnage of label and backing paper.

## **6. Does/will the Government help subsidise the EPR fee, with Fibre Circle having 'public benefit' status or what exactly does that mean?**

There will be no government subsidy. The EPR fee paid by producers will fund the implementation of the scheme to comply with the requirements of the regulations. The requirement for the NPC status ensures that the funds are used for the purpose and not for profit. Public benefit status means that if donations are made to Fibre Circle, the donor will receive a tax exemption for the donation. Note this is not the case for EPR fees, only for donations for any special CSI projects.

## **7. Will EPR fees be collected only from brand owners or the full value chain?**

Fibre Circle has chosen to implement the EPR fee at the narrowest point, i.e. the entity which first puts the paper or paper packaging on the market. The fee may possibly be recovered by passing the cost along the value chain. Brand owners that directly import packaging or pack their own products would be required to register with Fibre Circle and liable to pay the EPR fee directly while others captured in the definition of producer are welcome to register with us but may not be obliged to pay any fee, except an indirect one from their supplier.

## **8. What is the best way to account for label backing paper?**

Once a producer registers with Fibre Circle, they receive an excel based form with specific ITAC codes against which they report their tonnages of labels.

## **9. As a brand owner, what needs to be considered around separation of materials? We use recyclable board and recyclable biaxially-oriented polypropylene (BOPP) in a single stock-keeping unit (SKU). But these materials need to be separated.**

If the board and BOPP are a composite i.e. the board is coated or laminated with BOPP, it will then be seen as a single product. The majority component will determine which PRO to join: if the product is primarily paperboard (>50%), it will be Fibre Circle. If the BOPP is >50%, it will be Polyco.

If the BOPP component is separate from the board, then the products will be the responsibility of two separate PROs, e.g. Fibre Circle (paperboard) and Polyco (BOPP).

Furthermore, if the board is imported for converting in SA, the importer should join Fibre Circle and be liable for the EPR fee. If you have procured the board locally, the EPR fee may be passed on to you by the producer. If after import or procurement, the board is altered by lamination or coating, it becomes a difficult-to-recycle product – a higher EPR fee is required, and the converter would be seen as the liable producer.

Whether the raw material used in packaging is recycled or not, it goes back into the market and attracts the same EPR fee as a virgin material. EPR is about the responsibility for collection and treatment of identified products sold into the SA market. All exports of products are exempted.

## 10. Do cardboard boxes/shippers/corrugated containers fall into the category of unaltered paper?

Yes, this is because they are not made less recyclable in the conversion process. In addition, the EPR fee will have been paid when the paper was manufactured or imported. Such products will only raise an EPR fee if they are imported as flatpicks or if they are imported as packaging around products and this packaging amounts to more than 10 tonnes per annum.

## 11. Where do the following types of “cardboard” fit:

- 1) PE coating
- 2) PET coating
- 3) Foil lined

This would be considered as “altered paper”, i.e. liquid board packaging. It would attract its own EPR fee.

## 12. If a manufacturer we engage with is registered and pays fees, do we as brand owner also need to pay these fees?

You may find that you pay indirectly as your supplier (a registered and paying member) may pass the mandatory fee onto you via the invoice. You will also pay directly on any packaging that you import, including packaging in which you import your products, if more than 10 tonnes per annum.

In terms of the definition of producer, you may find that you need to register with us, but if the EPR fee is paid by the producer or importer (i.e. upstream), you will not need to pay the fee again, unless you make it less recyclable (e.g. lamination). Fibre Circle is levying the fee at the narrowest point.

## 15. Can you advise why folded carton board is not specified or covered under the Regulations as it is not specifically defined?

*It was requested to during the comments period and in writing to DFFE to be defined and to be on the product lists. It can therefore be assumed that probably half a million tons of carton board made here and imported by brand owners is completely excluded from recovery because it is not defined. So, this would include items such as fast-food boxes, cereal boxes, pill boxes, toothpaste boxes, packaging for almost every article on sale in a supermarket, even small appliances, because it is not kraft board or corrugated board. So, if the department excluded this request, it must mean they took a positive decision that this definition or type of waste cannot be effectively recovered, so there are no targets, percentages or anything.*

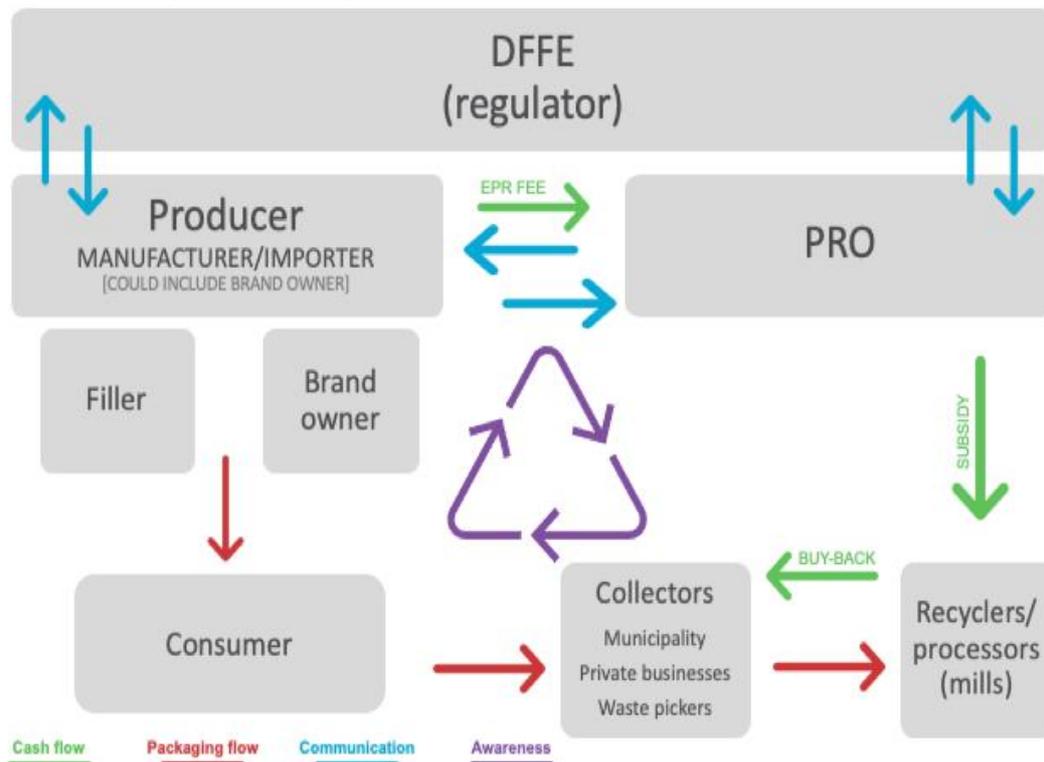
Folding boxboard (also called carton board) has already been attracting a voluntary fee and pharmaceutical companies, for example, are already discussing joining Fibre Circle. Folding boxboard is made of >90% cellulose wood fibre (using either virgin or recycled fibres or combinations thereof) and is unequivocally classified as paper packaging in the EPR regulations. Regardless of fibre origin, the new product will enter the market and will attract the EPR levy for it to be recovered and recycled i.e. diverted from landfill.

## 16. Please share what a scheme looks like

An EPR scheme is established to address and manage specific listed materials. For each scheme, a business plan will be developed that sets out how the targets for each material will be met and to ensure compliance with the regulations. Based on this business plan, a budget and EPR fee per material will be finalised. As examples, EPR schemes may take the form of a reuse, take-back, or recycling programme.

It would also require production measures that design for recyclability and the avoidance and minimisation of waste (in composition, volume and weight of products); reuse, recycling, recovery for beneficial use; disposal; and treatment, reporting and job creation.

This simplified diagram below might be helpful:



### 17. When can we expect the publication of EPR fees?

EPR fees for the various product classes will be discussed with the respective members in those classes in working group discussions. The EPR fee will be submitted to Government for approval prior to being published.

### 18. Can we still negotiate for a cost per ton?

As a registered producer with Fibre Circle, you can be part of the discussions that support the development of the business plan and calculation of your paper class/sector's EPR fee.

### 19. What will happen if the PROs don't collect the amounts according to the regulation or the agreement between Producer and the PRO?

They can be deregistered and/or prosecuted. However, DFFE is open to targets being renegotiated should there be a really good reason to do this. The producer still is ultimately responsible for the compliance with the regulations and must therefore work closely with the PRO to ensure that the targets are met.

## **20. What is the position of a printing business with main activity putting ink or toner on paper bought from a paper house?**

Unless you manufacture or import the paper on which you print, you are not liable for the EPR fee. However, the EPR fee may be passed down along the value chain. Brand owners must still assess the definition and register if needed, but Fibre Circle will levy the fee at the narrowest point.

## **21. Operationally how will the PRO manage the collection, monitoring and evaluation of the waste products?**

The way in which the PRO will manage the collection, monitoring and evaluation of the waste products will be documented in the EPR scheme or business plan for the relevant identified product. It may differ for each identified product. All EPR schemes, however, will need to meet the requirements of the regulations with regards to collection, monitoring and evaluation of the identified product. For more information on the EPR scheme or business plan for your identified product, please contact the Fibre Circle.

## **22. How do we go about determining fees? Will Fibre Circle run a workshop and guide the industry to get this done?**

Yes, there will be working groups established for each paper product class/sector which will be required to determine the fees as consultatively and collaboratively as possible. All producers registered with Fibre Circle will be invited to join these workshops. Please note that the fees will be determined to allow the requirements of the regulations to be fulfilled.

## **23. Depending on the value chain, it is possible that a number of parties are paying an EPR fee of RX/ton for the same material?**

No. Fibre Circle has decided that the fee is paid at the narrowest point in the value chain – either by the manufacturer or importer. This fee may then be passed on down as an on-cost through the value chain, and ultimately to the customer. However, this is dependent on the producer that pays the EPR fee.

## **24. To clarify that means that either the producer or the brand owner would pay the fee, i.e. not both? Or is it only the producer that pays for the same raw material format supplied to a brand owner?**

In terms of Fibre Circle, if the brand owner imports directly then they would pay the EPR fee.

## **25. In terms of the environmental labels, has the SANS documentation been finalised? Can we start working on the labels in accordance with these SANS documents?**

PAMSA (Paper Manufacturers Association of South Africa) participates in the SANS technical working group for paper and paper packaging and has requested that the standards be reviewed and updated where required to meet the requirements of the EPR regulations. Further information will be communicated in due course with Fibre Circle members.

**26. We produce potato bags. These bags are made from a wet-strength paper. We find it very difficult to get anybody to accept the factory waste due to the glue component in the bags.**

Yes, this can be an issue. The good news is that Fibre Circle is doing research and developing a pilot plant to handle products like potato bags and backing papers that include contaminants. The process is being designed to recover the fibres from the material by removing any contaminants such as glue so that the fibre can be returned and reused at the paper mill without compromising the production process. We will keep you informed as to progress in this regard.

**27. Will illicit traders and those that are not paying duty get away with not paying fees? We know that there are always loopholes and corruption. Will this be addressed as a potential issue?**

The legal requirement is to be part of a scheme, either one's own or one established by a PRO. A failure to be part of one is a criminal offence. There are also administrative mechanisms for the DFFE to compel compliance by those "free riders" and we believe that it will exercise those powers to prevent unfair competition by those who aren't paying the full cost of doing business.

**28. We print, cut and fold purchased corrugated board into corrugated boxes, however we do not produce the corrugated board ourselves. Would we be included as a "converter" or would our supplier of board be held responsible as producer?**

In terms of Fibre Circle, the supplier would pay an EPR fee and may elect to possibly pass it on to you. If you import directly, you will pay a fee and you may elect to possibly pass it on to your customers.

**29. Will the inner core of tissue be included in the EPR scheme?**

Paper is used for writing, printing or as a wrapping material so the inner core would not be categorised as "paper". Packaging is used for the containment, transport, handling, protection, promotion, marketing or sale of a product. As such, it can be argued that the inner core is paper packaging as it is used for the containment, transport, handling, protection, promotion, marketing or sale of the tissue product.

If the above is correct then the inner core is included as paper packaging. It would then have to find its fit in the identified paper packaging categories i.e. corrugated cases/kraft papers

***Who is the producer?***

If it's agreed that the inner core is paper packaging then the producer would be –

- a. **the inner core manufacturer, converter and/or brand owner** – in the case where the branded good either is the inner core or is sold accompanied by or with the inner core and the *registered owner of the brand operates an enterprise located in South Africa that makes and/or sells the branded good.*
- b. **the importer** – in the case where the branded good either is the inner core or is sold accompanied by or with the inner core and the registered owner of the brand *does not operate or have a controlling interest in an enterprise located in South Africa that makes and/or sells the branded good.*

The company would have to place a cumulative 10 tonnes of inner cores on the market per annum to be a liable producer. Fibre Circle will make the EPR fee payable at the narrowest point.

**30. A comment on the backing paper for labels: My understanding is that the EPR applies to post-consumer waste and not industrial waste generated in a factory. In this case, the backing paper would not be included? Please confirm or discuss.**

All waste – pre-consumer/industrial and post-consumer – is bound by the EPR regulations. The point of the regulations is reduce waste to landfill and encourage a circular economy. The EPR fee seeks to augment the recovery and recycling of the backing paper (usually pre-consumer) from a factory and household/business level.

If the material is re-used directly by the factory, then it is simply recycled into the process. However, if the material has to be collected and processed/repulped by another facility then this is part of EPR as there would be a potential for this to be disposed of waste if there is no mechanism implemented to recover and recycle.

**31. As a corrugated manufacturer, will our fee only be based on product we sell or how will we see the benefit for material we recycle to paper mills ourselves?**

Your fee is paid on the raw material you either import or purchase from a manufacturer. So if you import directly, you pay the fee to Fibre Circle; if you buy from a local manufacturer, you will pay an indirect fee as they will have already paid the fee and passed it on to you.

On any off cuts etc the benefit to you is the fact that you sell the material to the mill, or if you are vertically integrated with the mill then the mill benefits from the raw material. There is no rebate because you recycle.

**32. As example, if a producer supplies a milk carton box to a milk company, which is paying the EPR fee: is it the carton producer or the milk company which sells the product to the consumer?**

In terms of Fibre Circle, the packaging producer would pay the EPR fee in this case and may elect to pass that cost on to the milk company/brand. Fibre Circle has elected to make the EPR fee payable at the narrowest point i.e. the entity which first puts the paper or paper packaging on the market.

---

## **ABOUT FIBRE CIRCLE**

*Launched in 2019 as a producer responsibility organisation (PRO) for the paper and paper packaging sector, PAMDEV trading as Fibre Circle is working with paper producers, importers, brand owners, retailers as well as government and informal waste collectors to ensure that less paper goes to waste, and more goes into the recycling loop.*

*By working with its members, Fibre Circle will drive investment in collection infrastructure and facilities; research and development for difficult-to-recycle paper products; education and training for waste collectors and small businesses; and consumer awareness campaigns to drive behaviour change.*

*Fibre Circle meets the criteria outlined in the Department of Forestry, Fisheries and the Environment's EPR regulations. It is an autonomous body established by producers, a registered NPC, managed by a board of directors comprising producer representatives and compliant with the South African Companies Act in terms of good corporate governance and management of conflicts of interest.*

*[www.fibrecircle.co.za](http://www.fibrecircle.co.za) | 011 803 5063 | [info@fibrecircle.co.za](mailto:info@fibrecircle.co.za)*