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AUSTRIAN EXPERIENCE – THE ROLE OF DIFFERENT AUTHORITIES WITH A FOCUS ON THE PACKAGING COORDINATION OFFICE

22 January 2024, Tbilisi

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THE PCO AS NEUTRAL PLAYER

Establishment and Ownership

- Waste Management Law set up legal base for the Federal Ministry of Sustainability and Tourism (Ministry) to establish a company that supports the Ministry in supervising and coordinating different activities in the competitive producer responsibility scheme
- The Ministry established the Packaging Coordination Office (PCO) as a non-profit organization in 2014.
- PCO is owned by Umweltbundesamt GmbH, which, in turn, is wholly owned by the Federal Republic of Austria.
- VKS is a 100% state-owned entity.

Regulatory Role

- All Producer Responsibility Organizations (PROs) are required to contract with VKS as a mandatory step for approval by the Ministry.
- Currently, Austria has six approved Producer Responsibility Organizations (PROs) for packaging operating within the competitive producer responsibility scheme.

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THE PCO AS NEUTRAL PLAYER

- The approved PROs have to bear all costs of the PCO as agreed on by contracts.
- The PCO is:
 - ✓ not a regulator but a supporter of the PROs being contracted based on civil law
 - ✓ no authority in the sense of a legal court but keeps an eye on fair competition
- Despite a changed framework through a competitive market, the quality and convenience for the public have to remain the same to ensure a high level of acceptance and enthusiasm for collecting packaging waste as required

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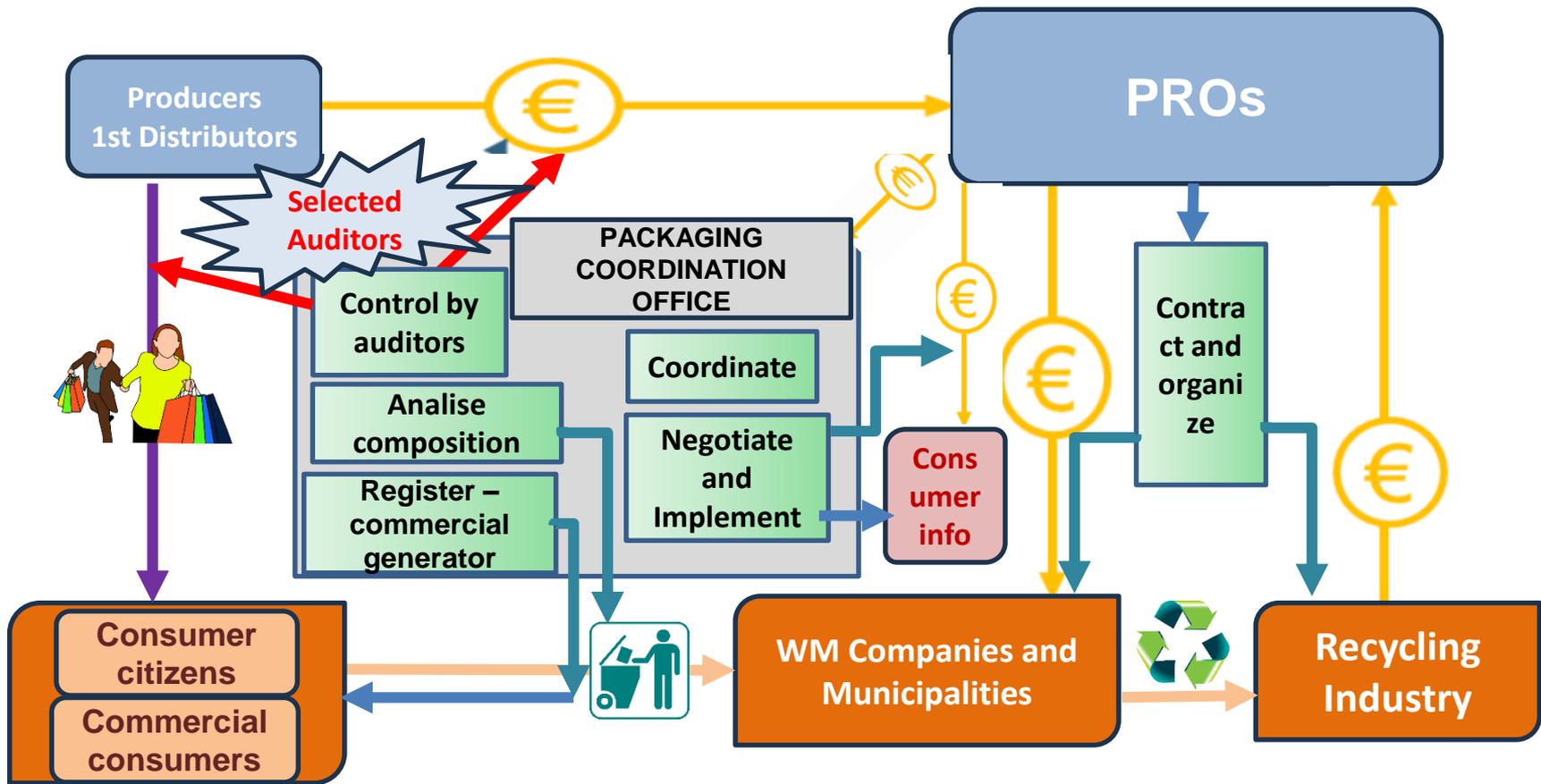
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ROLE OF DIFFERENT AUTHORITIES

Ministry's Role in Packaging EPR

- Approves and supervises PROs (Producer Responsibility Organizations).
- Supervises PCO

PROs (Producer Responsibility Organizations)

- Contracts with PCO and pays based on the contract.
- Reports to the ministry on:
 - ✓ Tasks from WMA (Waste Management Authority).
 - ✓ Packaging ordinance compliance.
 - ✓ Ministry decisions' implementation.

Packaging Coordination Office

- Contracts with PROs.
- Reports to the ministry on:
 - Tasks from WMA.
 - Ministry decisions' implementation.
- Reports to PROs on contract fulfilment.

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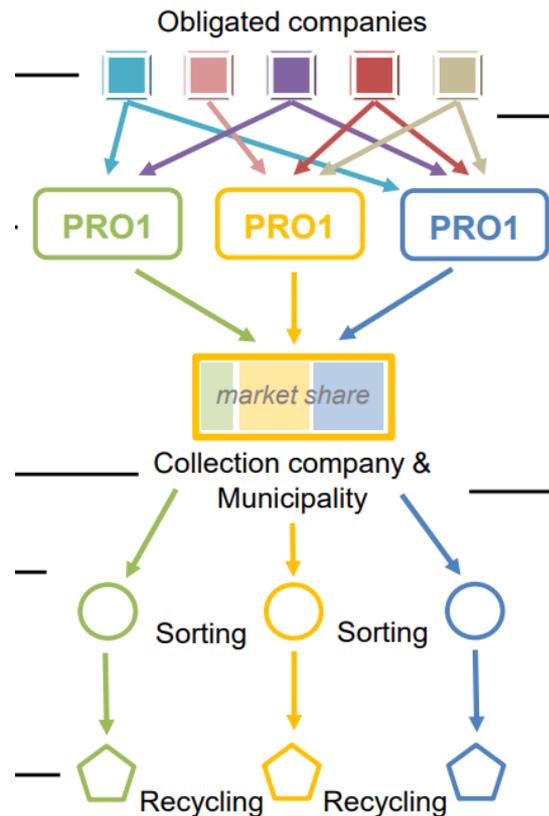


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Role of the Ministry

- Auditing of suspected free riders
- Supervision of PROs
Monitoring of non-discrimination
- Calculation of market share
- Verifying of collection quota
- Monitoring of recycling and verifying of recycling quota
- Monitoring and (standardization) of collection
- Lottery of collection regions



Source: VKS

Role of PCO

- Auditing of customers of PROs
- Terms of arbitration
- Analysis and plausibility checks of collected waste
- List of customers of PROs
- Register of commercial waste generators
- Consumer information

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ROLE OF THE MINISTRY - MONTHLY MARKET SHARE

- Officially published at the electronic data management (EDM) website of the Ministry
- ✓ Calculation based on the reported licensed packaging mass of each PRO
- ✓ Cost accounting of PROs with waste collectors, municipalities, ...
- ✓ Basis for sharing the amount of packaging waste

Ergebnisliste				
Sie haben gesucht nach: Haushaltsverpackungen, Monat: Februar, Jahr: 2019, Datenstand von: 28.01.2019 23:59:59				
⇄ Sammel- und Verwertungssysteme	⇄ Papier	⇄ Glas	⇄ Metalle	⇄ LVP
Altstoff Recycling Austria Aktiengesellschaft	69,72%	N/A	81,99%	71,93%
AUSTRIA GLAS RECYCLING GmbH	N/A	82,08%	N/A	N/A
Bonus Holsystem für Verpackungen GmbH & Co. KG	6,87%	7,67%	1,04%	5,07%
good waste austria GmbH	0,42%	0,55%	0,18%	0,10%
European Recycling Platform (ERP) Austria GmbH	3,45%	1,64%	2,86%	3,14%
INTERSEROH Austria GmbH	7,91%	4,49%	8,70%	11,73%
Reclay UFH GmbH	11,63%	3,57%	5,23%	8,03%
Summe	100,00%	100,00%	100,00%	100,00%

Source: EDM

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OBLIGATIONS FOR COMPANIES

- Mandatory participation of companies in EPR scheme for household packaging
- ✓ Sign an agreement with an authorized PRO
- ✓ Report the quantities put on the market to the PRO per month/quarter/year –
Defined reporting standards
- ✓ Pay the material-specific fees
 - possible flat rate for very small amounts
- ✓ Consulting by the PROs to be legally compliant
- Auditing by the Packaging Coordination Office (PCO)
- Classification ordinance: Clear and legally binding definition of household and commercial packaging for all obligated companies

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OBLIGATIONS FOR PROS

- **Mandatory equal treatment for all customers**
 - ✓ Mandatory publication of fees for each packaging material
 - ✓ Prohibition of discounts
- **No duplication of collection infrastructure, instead: shared use**
 - ✓ Collected packaging and costs are shared monthly on the respective market share
 - ✓ Equal contracts with collectors of household packaging waste
- **Lottery of “collection regions”** to allocate the responsibility for regions to the PROs based on their market share (repeated every 5 years)
 - ✓ The selected PRO is responsible to conclude contracts on separate collection of packaging in with collection partners and the respective municipalities

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OBLIGATIONS FOR PROS

- **Authorization and supervision** by the = reporting obligations for the PROs:
 - ✓ Prove of the calculation basis of the fees
 - ✓ Standards for collection services (e.g. nationwide collection partners,...)
 - ✓ Monitoring of non-discrimination of obligated companies
- **Calculation and publication** of monthly market shares (via EDM online platform)
 - ✓ Monitoring of collection, recycling and recovery – ...
- **Reporting standards** given by the Ministry of Environment

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ACTIVITIES OF PCO-AUDITING OF OBLIGATED COMPANIES

Auditing by the Packaging Coordination Office (PCO)

- ✓ 80 mass-% of licensed packaging materials of each PRO over 3 years
- ✓ Implementation of a common system of control by external auditors in coordination with the Ministry and the PROs
- ✓ Approx. 800-1000 audits per year- only for companies taking part in a PRO (customers of PROs)
- ✓ Leading to “side effects” on avoiding free riding

What happens if the results show deviations?

- ✓ **Reported mass too low**
 - Normal case: Subsequent payment to PRO
 - Intentional misconduct: Subsequent payment to PRO and report to ministry
- ✓ possibility for administrative prosecutions
- ✓ **Reported mass too high:**
 - Subsequent credit by the PRO

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ACTIVITIES OF PCO -COORDINATION

- **Coordination between** PROs to find one opinion, decision and provide the service of an intermediary between stakeholders
- **Acting as Mediator**
 - ✓ Resolve conflicts of interest between PROs
 - ✓ Ensuring alignment in decision-making
- **Coordination of those contracts** and agreements with communities, which otherwise had to be arranged by each competitor with identical content
- **Provider of an online registry** system for companies with commercial packaging waste, to enable companies access to services of the PROs and to avoid certain administrative efforts (registration, templates, reports to the ministry,...)

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ACTIVITIES OF PCO

- **List of customers of the PROs:**
- PCO publishes a list of the customers of the PROs
 - ✓ Actual data of customers is delivered monthly and automatically from PROs to PCOs via a software interface
 - ✓ PCO is doing plausibility checks of data quality including automatic feedback to the PROs if false data is identified
 - ✓ Online search tool is provided by the VKS to the public
- Interested public can search by e.g.. Name of the company, VAT number, address,...
- Possibility of check for a company if the specific supplier is a customer of a PRO (= legal compliance checks)

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ACTIVITIES OF PCO

Organisation of Sorting Analysis of Packaging Waste

- Objective: Obtain a neutral result of net collected packaging waste
- Purpose: Provide essential data for monitoring the collection system's performance (e.g., collection & recycling quota)

Coordination and Implementation of Consumer Information

- Focus: Separate collection and prevention of packaging waste
- Collaboration: Work closely with PROs (Producer Responsibility Organizations)
- Engagement: Cooperation with "waste consultants" operating directly at the municipalities

Calculations based on compensation ordinance for household packaging and allocation of amounts to municipalities

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ACTIVITIES OF PCO: SORTING ANALYSIS OF PACKAGING WASTE



PCO organizes **sorting analysis** of packaging waste

Lightweight packaging
Metal packaging



Sorting analyses are done by an **external expert**

Expert was identified and contracted by a public procurement process



• Around **520 samples of collected waste** (1m³ each)

allocated by mass to all Austrian collection regions (= districts)
scheduled over the entire year to consider seasonal influences
Sorting is done directly at the place where collected packaging waste is shared (by market share) between the PROs

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ACTIVITIES OF PCO: SORTING ANALYSIS OF PACKAGING WASTE

- **Results of the sorting analysis** used for:
 - ✓ calculation of net collected packaging waste used for reporting to the Ministry (e.g. collection & and recycling quota)
 - ✓ monitoring of the collection system's performance by PROs
 - Possibility of **tracking producer reports** on the total quantity and types of packaging in Austria
 - ✓ Necessary data:
 - **Sorting analysis of separately collected packaging waste** (done yearly by PCO)
 - **Sorting analysis of residual waste** (done every 3 to 6 years by municipalities)
 - Possibility?
 - Tendencies can be derived and rough comparisons are possible
 - Concrete results aren't precise due to periodical mismatches

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ACTIVITIES OF PCO: PACKAGING IN RESIDUAL WASTE

- Packaging waste in residual waste was analysed in the past by the Ministry and by the Austrian regions (= federal provinces)
- Results of this sorting analysis are input parameters for the calculations given in the “compensation ordinance” for household packaging
- VKS yearly calculates the results of the compensation ordinance = Tons of packaging in the residual waste which have to be compensated financially by the PROs
- Municipalities handed over their self-calculated disposal costs per ton of residual waste to the PROs
 - ✓ PROs were entitled to involve an external auditor for plausibility checks of the costs
 - ✓ Re-calculations have been done for some municipalities

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ACTIVITIES OF PCO: CONSUMER INFORMATION BY PCO

- **PCO coordinates and implements consumer information** about separate collection and prevention of packaging waste together with the PROs
- PROs, Ministry, and PCO developed a **common PR concept** (which is updated yearly) giving the rules and concrete tasks for the coordination and implementation of consumer information
- **Direct consumer information** by PCO is a new task and the establishment is ongoing
- **Finances:** All tasks and activities of the VKS are financed by the PROs by their market share

BRAND & Website: www.oesterreich-sammelt.at



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MUNICIPAL WASTE CONSULTANTS

- Services of **municipal waste consultants** and the definition of these services are part of the contract between the PROs and the municipalities
- PCO is responsible for assuring the quality of consumer information given by municipal waste consultant (approx. 260 persons)
 - ✓ based on the common PR concept
 - ✓ Activity reports about the work of the waste consultant have to be delivered quarterly from the municipalities to the PCO via an online platform for plausibility checks and as the basis for payments by the PROs
- Roles and responsibilities of waste consultant:
 - ✓ Direct advice to citizens on PR in their municipality (telephone service, emails, websites of the municipalities,...)
 - ✓ Advice in schools & and kindergarten, public institutions, housing complexes,...
 - ✓ Cooperation within campaigns and changes to the collection systems,...



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ACTIVITIES OF PCO : REGISTRY FOR COMMERCIAL PACKAGING WASTE BY PCO

- PCO is the provider of an online registry system for companies with commercial packaging waste arising, to enable companies access to services of the PROs (= covering of transport and waste management costs)
- **Necessary data from companies:**
 - ✓ Estimated amount of packaging waste per collection category (e.g. paper, metals, plastics, EPS, wood,...)
 - ✓ Estimated amount of packaging taking part in an EPR scheme (e.g. waste from own imported packaging are exempted from EPR obligations,...)
 - ✓ Addresses, names,...
- Waste management companies have the direct contact to companies with commercial packaging waste
- ✓ Good cooperation between waste management companies, PROs and VKS is needed

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ACTIVITIES OF PCO : WASTE PREVENTION PROGRAM OF THE PROS

- **PROs have to pay 0.5 %** of their licensing revenues for waste prevention measures, which has to be spent via an independent third party (WMA)
- Contract between PROs and VKS as third party
- Tasks of the VKS:
 - ✓ Administration of the waste prevention fund in trust
 - ✓ Organisation of the selection of the best waste prevention projects by an independent jury
 - ✓ Quality control of the funded projects
 - ✓ Payments to the funding recipients
 - ✓ Reporting to the Ministry
 - ✓ Information to the interested public

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STEERING AND SUPERVISORY OF THE PCO

Board of the PCO

- ✓ PROs (with voting power) and ministry (no vote)
- ✓ Decisions:
 - Future tasks of the PCO
 - Content-related the ongoing tasks
 - Budget and cost-related

Supervisory board

- ✓ 5 representatives from industry, ministry, municipalities, waste management and chamber of commerce
- ✓ Decisions:
 - Discharge of the management
 - Cost monitoring
- Activities affecting the “surroundings” of the PCO

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FINANCES OF THE PCO

- The approved **PROs have to bear all costs** of the PCO as agreed on by contracts.
- The PCO is a non-profit organization that has 9 employees (full-time and part-time) and an **annual budget** of approx. EUR 3.0 Mill.
 - ✓ This includes the operational budget for the projects to be organized, the costs for external supporters, and legal, tax, and economic consultancy.
 - ✓ approx. 2% of the entire market volume.
- **Additionally** approx. EUR 900.000 are managed in the course of the tasks for the implementation of the waste prevention program

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FINANCES OF THE PCO

- **Budget plan**

- ✓ For the next year until the end of summer of the current year
- ✓ Necessary for the PROs to calculate their licenses fees
- ✓ Budget positions

- Project-related (auditing, sorting analysis,...) external costs

- Internal costs (personal costs, materials, IT, rents,...)

- ✓ Budget positions are allocated to specific packaging materials (“sorting categories”) to enable true calculations of license fees
- ✓ Budget has to be resolved by the Board of the PCO and taken note of by the supervisory board

Accounting with the PROs

- Based on the positions of the budget plan
- Based on the monthly market share of the PROs

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WASTE PREVENTION PROGRAM OF THE PROS

- **PROs have to pay 0.5 %** of their licensing revenues for waste prevention measures, which has to be spent via an independent third party (WMA)
- Contract between PROs and PCO as third party
- Tasks of the PCO:
 - Administration of the waste prevention fund in trust
 - Organisation of the selection of the best waste prevention projects by an independent jury
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CONCLUSIONS

- To achieve a level playing field different levels of serious auditing are necessary in a free PRO market
 - Auditing of the obligated companies
 - Auditing/monitoring of the PROs
 - Clear monitoring and auditing rules
- Auditing should be organized by a neutral third party organization or by a sovereign authority – on a national level
 - Neutral third party as an intermediate level of escalation
- Necessity of clear and equal contract contents concerning the audits
 - Enable legal actions by the third-party organisation

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VKS (PCO) - EXPERIENCE AFTER 7 YEARS

- Advantages of an open market
- ✓ Better level of service for obligated companies by PROs
- from “petitioner” to customer
- ✓ Innovations for customer convenience (e.g. Online for licensing,...)
- ✓ Self-control mechanism concerning license fees
- Raising cost efficiency
- ✓ Freedom of choice for obligated companies, if they are not satisfied with the service of their PRO
- Disadvantages of an open market
- ✓ Higher administrative efforts for sharing the waste streams, cost accounting, documentation, and monitoringDATA, DATA, DATA,...
- Solution = Digitalisation: Using a web-based tool(s) with a common database and appropriate user rights
- ✓ Higher need of “strict rules” and clear principles

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EXPERIENCES AFTER 7 YEARS - NECESSARY LEVELS OF AUDITING

- To achieve a level playing field different levels of serious auditing are necessary in a free PRO market
 - ✓ Auditing of the obligated companies
 - ✓ Auditing/monitoring of the PROs (license fees, collected waste, recycling rates,...)
 - ✓ Clear monitoring and auditing rules
- Clear and equal contract content concerning auditing
 - ✓ Enable legal actions by the third-party organization
- Auditing should be organized by a neutral third-party organization or by a sovereign authority
 - ✓ on a national level
 - ✓ Neutral third party as an intermediate level of escalation

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EXPERIENCES AFTER 7 YEARS NECESSARY CONDITIONS

- Nationwide shared use of waste collection is a SUCCESS
 - ✓ Shared costs (infrastructure, collection, “clearing house”,...)
 - ✓ Sharing of collected waste = Prevention of “cherry picking”
 - ✓ Principle of equal treatment between PROs and municipalities/waste management companies for those activities for which shared use is foreseen
- Mandatory equal treatment for all customers of PROs
 - ✓ Mandatory publication of fees for each packaging material
- Mandatory use of provided databases by PROs and all other involved partners
 - ✓ Only possibility for proper data handling and monitoring

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