AN OVERVIEW OF EXTENDED PRODUCER RESPONSIBILITY IN CANADA: WHAT IS IT, AND WHERE’S IT GOING

DUNCAN BURY

Yellowknife, April 17, 2013
PRESENTATION OUTLINE

• Canadian waste generation and diversion
• The move from the shared stewardship model to Extended Producer Responsibility (EPR)
• EPR program structure and operation
• An overview of EPR programs – some examples of successful diversion
• Packaging and printed papers - roles and responsibilities
• The Canadian Council of Ministers of the Environment (CCME) EPR Action Plan
• Current EPR status and recent developments
• Where do municipalities and service providers stand?
• EPR issues - including EPR in the Territories
• EPR Canada national report card on EPR commitment, implementation and accountability
• EPR lessons and what to watch for
THE WASTE AND WASTE DIVERSION CHALLENGE

• Modest growth in waste quantities – both tonnage and per capita
• Waste diversion rates have stalled at around 24%
• Concern and pressure from municipalities, regarding
  – Inability to influence waste quantities, or waste characteristics
  – Increasing costs
  – Vagaries of secondary materials markets
  – Worry about disposal capacity
• Concern about lack of influence over environmental product design and management of life cycle environmental impacts
• Continuing concerns about toxicity and hazards in products and wastes
SHARED STEWARDSHIP AND THE NATIONAL PACKAGING PROTOCOL

- First curbside pilot recycling program – Kitchener, Ontario 1981
- 1980s optimism about the waste diversion benefits of recycling
  - Voluntary shared industry, government, consumer responsibility model
  - Multi-stakeholder National Packaging Task Force formed in 1989
  - National target of 50% reduction in packaging waste by December 2000 – 20% by Dec 1992; 35% by Dec 1996
  - Statistics Canada surveys; Environment Canada secretariat
  - Met 50% target in 1996
  - Mostly business efficiencies - less impact on consumer packaging
  - Concluded in 2000
THE OECD AND THE MOVE TO EXTENDED PRODUCER RESPONSIBILITY (EPR)

- German Packaging Protocol, 1991, first use of EPR
- OECD work commenced in 1994 – EPR pursued as an approach to pollution prevention and waste minimization
- First OECD EPR workshop held in Ottawa, 1997
- Exerted considerable influence in Canada
  - Language started to shift from “shared responsibility” to “producer responsibility”
  - Environment Canada promoted the shift by widely consulting and holding national workshops
- OECD Guidance Manual for Governments 2001
- The OECD EPR definition has been widely adopted and understood in Canada: “...an environmental policy approach in which a producer’s responsibility, physical and/or financial, for a product is extended to the post-consumer stage of a product’s life-cycle.” (OECD 2001)
EPR PROGRAM STRUCTURE AND OPERATION

• EPR Program Regulations
  – Most programs operate under a regulatory mandate – a few operate voluntarily
  – Regulations identify designated producers or first importers; the products covered; performance measures; reporting; targets
  – Governments can be prescriptive – e.g. set out collection obligations

• Producer Responsibility Organizations (PROs)
  – Collection, processing, recycling costs are shifted from taxpayers to producers
  – Producers commonly establish a not for profit PRO to fund and manage the program – transparency and mandate focus are key requirements
  – Businesses can go it alone but few do

• Stewardship Plans
  – PROs prepare a stewardship plan for approval

• Program Operation
  – PROs may directly operate their programs or contract to a third party (e.g. Encorp, Product Care, Stewardship Ontario) or to a municipality as the service provider
  – The PRO is legally accountable to the regulatory authority for the program
AN OVERVIEW OF EPR PROGRAMS

• 1994 British Columbia paint program – first in Canada
• Western Canada used oil and container programs 1996
• Wide use of beverage deposits – soft drinks, beer, alcohol, other beverages
• Growth in number and scope of programs over the last decade

• Variations in degrees of producer responsibility and amount of government involvement – widest variations occur in the packaging area
• Majority of programs are regulated at the provincial level – provinces have the most direct regulatory responsibility for wastes
• Environment Canada authority to use EPR for toxics (substances and in products)
• Some voluntary EPR programs – CleanFARMS pesticide containers; RBRC rechargeable batteries; Refrigerant Management Canada (RMC) ozone depleting substances (ODS)
EPR AND PRODUCT STEWARDSHIP PROGRAMS IN CANADA
Includes voluntary and regulated programs - and those in development for which regulations were adopted
Environment Canada September 2011
AN EXAMPLE: CLEANFARMS PESTICIDE CONTAINER NATIONAL % RECOVERY RATES (CleanFARMS)
AN EXAMPLE: WESTERN CANADA USED OIL AND CONTAINERS
% RECOVERY RATES 2009 (UOMA)
# AN EXAMPLE: ELECTRONICS  
*(Electronics Product Stewardship Canada)*

<table>
<thead>
<tr>
<th>Collection Kg/Capita</th>
<th>British Columbia</th>
<th>Saskatchewan</th>
<th>Ontario</th>
<th>Nova Scotia/PEI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.78</td>
<td>2.72</td>
<td>2.62</td>
<td>4.32</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total tonnes collected (fiscal year adjusted 2010/2011)</th>
<th>British Columbia</th>
<th>Saskatchewan</th>
<th>Ontario</th>
<th>Nova Scotia/PEI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17,145</td>
<td>2,841</td>
<td>34,585</td>
<td>4,065</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost/Kg</th>
<th>British Columbia</th>
<th>Saskatchewan</th>
<th>Ontario</th>
<th>Nova Scotia/PEI</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.33</td>
<td>$1.86</td>
<td>$1.63</td>
<td>$1.49</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Fees Collected (fiscal year adjusted 2010/2011)</th>
<th>British Columbia</th>
<th>Saskatchewan</th>
<th>Ontario</th>
<th>Nova Scotia/PEI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$24,027,903</td>
<td>$6,449,345</td>
<td>$71,189,568</td>
<td>$6,884,262</td>
</tr>
</tbody>
</table>
PACKAGING AND PRINTED PAPER EPR PROGRAMS
PACKAGING AND PRINTED PAPER – DIFFERENCES IN ROLES AND RESPONSIBILITIES

- **Ontario**
  - Shared model – 50% producers/50% municipalities funding
  - Municipally operated
- **Quebec**
  - Shift to 100% producer funding 2013
  - Municipally operated
- **Manitoba**
  - 80% producer/20% municipality funded
  - Municipally operated
- **British Columbia**
  - Currently municipally operated
  - Shift to full producer funding and operational responsibility 2014 – municipalities can be service providers; choice to opt in or out
- **Saskatchewan**
  - 75% producer/25% municipal funding
  - Stewardship plan in preparation – due August 2013
• Federal, provincial and territorial agreement on co-ordinated and harmonized EPR action on priority products by an agreed timetable:
  – PHASE 1 (by 2015) – packaging and printed papers; mercury containing lamps; electronics; household hazardous and special wastes; automotive products

  – PHASE 2 (by 2017) – construction and demolition wastes; furniture; textiles; carpet; appliances; ozone depleting substances

• Guidance on EPR program elements, stewardship plans, complementary programs
• June 2011 CCME announcement emphasizes priority work on packaging
CURRENT CANADIAN EPR STATUS

• Governments see EPR as an effective environmental tool
• Less and less interest in product stewardship without industry responsibility and in voluntary programs
• Continued growth in the number and scope of programs
• Framework/omnibus legislation identifying products and establishing product designation process rather than individual product regulations
• Increasing emphasis on flexible performance based regulations and oversight
• Many provinces manage and provide oversight of EPR programs through quasi-government agencies – e.g. Waste Diversion Ontario, RecycQuébec, Recycle New Brunswick, Resource Recovery Fund Board (Nova Scotia)
• Regulations governing EPR fees are appearing - New Brunswick; Québec
• Uncertainty about Environment Canada’s use of EPR but possible for mercury containing products
SOME RECENT MAJOR REGULATORY AND POLICY INITIATIVES

British Columbia

May 2011 – mandates 100% producer responsibility for packaging and printed papers

Quebéc

EPR framework legislation and regulation June 2011
Shifts blue box to 100% EPR funded; municipalities continue to operate
Mandates internalization of program costs

New Brunswick

Clean Environment Act regulations prohibit the charging of separate fees to consumers in the waste paint EPR program
Used Oil EPR Regulation, September 2011 – no visible consumer fees
Proposal for cost internalization for electronics

Ontario

EPR “eco fees” controversy July 2010
Ministerial direction February 2012 – response to “incentives” funding and program approvals problems
Possible move to cost internalization for electronics April 2013
WHERE DO MUNICIPALITIES STAND?

• Municipalities have traditionally been directly responsible for both waste collection and disposal and recycling collection, processing, materials marketing
• New packaging and printed paper EPR programs will shift the funding and possibly the operational responsibility to producer responsibility organizations
  – Municipalities could become service providers – i.e. they could choose to tender on recycling contracts issued by the packaging PROs or
  – Municipalities could decide to vacate the field entirely
• In the areas of special wastes – e.g. paint, tires, EEE, used oil, HHW – programs are increasingly funded by EPR PROs – municipalities may play a collection role
• Municipal promotion and education role
WHERE DO PRIVATE SECTOR SERVICE PROVIDERS STAND?

• Private sector service providers will continue to play a major role for both municipalities and for ICI customers in
  – Waste collection and disposal (landfill, EFW)
  – Recycling collection, processing and marketing
  – Organics collection and composting

• As the role of municipalities changes former municipal contracts could be tendered for EPR programs by PROs and individual producers

• As the number of EPR programs and the scope of products designated grows so will contract opportunities

• The continuing shift from disposal to diversion will continue to support new technology and equipment sales, and consulting and engineering services
EPR ISSUES: APPLICATION IN THE TERRITORIES

• CCME EPR Action Plan recognized unique local and regional circumstances in the North – vast distances, remote communities, small populations, high costs
• Nunavut a special case within the special case of the Territories
• EPR could be applied – design will require particular attention to the unique circumstances
• Stewardship programs do exist – beverages and tires; plus some other small scale recycling
• Territories committed in the CCME Action Plan to review progress towards EPR by 2015
• EPR under consideration by NWT ENR for electronics
• Key issues – collection and processing infrastructure, levels of service, who should be responsible, who pays
EPR ISSUES: HARMONIZATION

- Producers are acting to harmonize and coordinate programs
- Used oil and container programs
  - B.C., Alberta, Saskatchewan, Manitoba and Quebec
- Waste electronics and electrical equipment
- True national harmonization exists with the 3 national voluntary programs
- Third party program operators - Encorp, Product Care and Stewardship Ontario - help to standardize management practices
Established and voluntary programs are being covered by EPR regulations

**Pesticide Containers and other agricultural packaging**
- Manitoba CleanFARMS stewardship plan for their existing program
- B.C. packaging regulation could cover non residential packaging, potentially including agricultural packaging

**Batteries**
- Chargeup2Recycle program expanding to accept all batteries
- Covered under EPR regulations in Manitoba, Ontario and Quebec

**Hazardous Wastes**
- Originally managed by municipalities and some retail take back
- In Manitoba, Ontario and Québec significant numbers of these products are now or will soon be covered under EPR regulations
EPR ISSUES: THE INDUSTRIAL COMMERCIAL AND INSTITUTIONAL (ICI) AND NON-RESIDENTIAL SECTORS

- Historic focus on wastes and products from the residential sector
- Waste diversion targets and environmental objectives cannot be met unless the ICI sectors are engaged
- EPR regulations are increasingly being drafted or are being proposed to cover ICI sources as well as residential
- Servicing the “streetscape” – public parks, city squares, open spaces
- A new set of producers and new collection strategies
EPR ISSUES: FUNDING AND FEES

- The CCME Canada-wide EPR Action Plan supports program costs being internalized as a factor of production.

- The majority of EPR regulations are silent on cost internalization/fee visibility.
- Visible fees can however be very controversial - Ontario July 2010; April 2013.
- Cost internalization/no visible added fees opposed by some producers.
- Quebéc and New Brunswick have regulated against consumer fees added at the point of purchase – visibility is however allowed.
- The electronics industry has lobbied strongly against the extension of New Brunswick’s cost internalization policy to its planned electronics EPR program.
EPR ISSUES: DRIVING ENVIRONMENTAL IMPROVEMENTS

- EPR objective to improve the life-cycle environmental performance of products has still been largely unfulfilled
- Difficulty linking product improvements solely or even partially to EPR regulation
- In products where improvements can be made – e.g. electronics, appliances, packaging - global markets often mitigate against any direct Canadian influence

- EPR objectives need to be supported by complementary initiatives such as green procurement, disposal bans, and toxics restrictions
- Harmonious and consistent nation-wide programs might be able to improve incentives and opportunities for design for environment but this has yet to be proven.
EPR CANADA REPORT CARD

• EPR Canada is a new non profit organization dedicated to fostering informed EPR debate and advancing EPR in Canada by focusing on and promoting:
  • Leadership and innovation
  • Best practices in policy development and program operations
  • Advancing efficiency, effectiveness, implementation, management and harmonization
• EPR Canada developed Canada’s first report card of federal, provincial and territorial EPR policies and program implementation
• The report card allows benchmarking and comparison of policies and programs and supports the further development and use of EPR instruments
• A survey questionnaire was distributed to ministers to report on 2011 performance; the 2012 survey is currently being administered
• 2011 results are posted on EPR Canada’s website – www.eprcanada.ca
## EPR CANADA 2011 Grades

### Grade Scale

<table>
<thead>
<tr>
<th>Grade</th>
<th>% Range</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+</td>
<td>90-100</td>
<td>Excellent</td>
</tr>
<tr>
<td>A</td>
<td>85-89</td>
<td></td>
</tr>
<tr>
<td>A-</td>
<td>80-84</td>
<td></td>
</tr>
<tr>
<td>B+</td>
<td>76-79</td>
<td>Good</td>
</tr>
<tr>
<td>B</td>
<td>72-75</td>
<td></td>
</tr>
<tr>
<td>B-</td>
<td>68-71</td>
<td></td>
</tr>
<tr>
<td>C+</td>
<td>64-67</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>C</td>
<td>60-63</td>
<td></td>
</tr>
<tr>
<td>C-</td>
<td>55-59</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>50-54</td>
<td>Marginal</td>
</tr>
<tr>
<td>F</td>
<td>0-49</td>
<td>Inadequate</td>
</tr>
</tbody>
</table>

### Grades by Province

<table>
<thead>
<tr>
<th>Province</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Columbia</td>
<td>A-</td>
</tr>
<tr>
<td>Alberta</td>
<td>C</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>C-</td>
</tr>
<tr>
<td>Manitoba</td>
<td>B-</td>
</tr>
<tr>
<td>Ontario</td>
<td>C+</td>
</tr>
<tr>
<td>Quebec</td>
<td>B-</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>C-</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>C+</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>B-</td>
</tr>
<tr>
<td>Newfoundland &amp; Labrador</td>
<td>C-</td>
</tr>
<tr>
<td>Federal Government</td>
<td>F</td>
</tr>
<tr>
<td>Northwest Territories</td>
<td>/</td>
</tr>
<tr>
<td>Yukon</td>
<td>/</td>
</tr>
<tr>
<td>Nunavut</td>
<td>-</td>
</tr>
</tbody>
</table>

/ not scored  
- past deadline
EPR LESSONS

- As EPR programs grow in number and scope municipal roles and responsibilities for recycling and waste are shifting
- EPR is applicable to a wide range of end-of-life products and wastes
- EPR programs can successfully meet high waste diversion targets
- Producers can successfully organize and operate programs without compromising other business objectives
- Successful programs are built on effective and mature management systems
- The public is supportive and generally governments of all political persuasions are on side
- EPR is broadly applicable to all jurisdictions
WHAT TO LOOK FOR IN THE YEARS AHEAD

• Municipalities vacating direct program operations - increased waste and recycling responsibility lying with producers
• Continuing growth in the number and scope of EPR programs
• Increasing program harmonization – largely driven by producers and less so by governments
• Increasing attention to program oversight, performance and reporting
• Slow application of EPR in the territories and in remote communities
• Increasing program operational, administrative and cost efficiencies
• Moves to internalize program costs – voluntarily by producers or in response to regulation
• Increasing coordination of program promotion and education