CANADIAN APPROACHES TO EPR:
THE ROAD FROM SHARED STEWARDSHIP TO FULL PRODUCER RESPONSIBILITY

DUNCAN BURY
Yale University Center for Industrial Ecology Webinar September 13, 2011
PRESENTATION OUTLINE

• The Canadian waste and waste diversion challenge
• The National Packaging Protocol and the shared stewardship model
• The influence of the OECD EPR program and guidance
• Comparing product stewardship and EPR
• An overview of EPR programs
• The CCME EPR Action Plan
• Current EPR status
• Recent key developments with a look at packaging and printed papers – British Columbia and Ontario
• Emerging challenges and opportunities
• EPR lessons from Canada and what to watch for
THE WASTE AND WASTE DIVERSION CHALLENGE

• Waste quantities continue to grow – both tonnage and per capita
• Waste diversion rates have stalled at around 24%
• Concern and pressure, particularly from municipalities, regarding
  – Inability to effect 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 hazard in products and wastes
SHARED STEWARDSHIP AND THE NATIONAL PACKAGING PROTOCOL

• First curbside pilot recycling program – Kitchener, Ontario 1981
• Optimism about the waste diversion benefits of recycling
  – Municipally funded
  – Initial Ontario and beverage industry subsidy for operating costs and start-up capital
  – 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
  – Wrapped up in 2000
THE OECD AND EXTENDED PRODUCER RESPONSIBILITY (EPR)

• OECD work commenced in 1994 – EPR pursued as an approach to pollution prevention and waste minimization
• First OECD EPR workshop held in Ottawa, Ontario, 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)
KEY EPR PROGRAM ELEMENTS

• End-of-life responsibility is transferred to producers from municipal taxpayers
• Costs are borne by producers but can and often are passed on to consumers through visible point of purchase fees
• Producers are free to act collectively or individually
• Producers obligated to prepare stewardship plans
• Programs aim to encourage environmental design
• Governments level the playing field and monitor and enforce targets
• Best programs operate within flexible performance-based regulatory frameworks:
  – minimal government involvement in operational details;
  – producer freedom to manage program and recover costs
• Consumers have free and reasonable access to the program with a responsibility to participate
COMPARING PRODUCT STEWARDSHIP AND EPR
An Electronics Example

Alberta Product Stewardship
• Program managed by a provincial agency – Alberta Recycling Management Authority
• Funded by point of purchase fees set through ARMA by the province
• ARMA has full responsibility to use funds to collect, contract with recyclingprocessors; undertake promotion etc.
• Industry advisory committee but no direct producer responsibility role
• No design for environment incentives

British Columbia EPR
• 100% WEEE responsibility with producers (manufacturers, brand owners, first importers)
• Designated producers formed Electronic Stewardship Association of British Columbia (ESABC)
• Funds raised by ESABC through point of purchase fees
• ESABC has full responsibility to collect, contract with recyclingprocessors, communicate ...
• Possible design for environment incentives with other WEEE EPR programs
AN OVERVIEW OF EPR PROGRAMS

• 1994 British Columbia paint program
• Western Canada used oil and container programs 1996
• 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 responsibility for wastes and municipalities
• Federal government (Environment Canada) can use EPR for toxics (substances and in products)
• Some voluntary EPR programs – pesticide containers; rechargeable batteries; ozone depleting substances (ODS)
## Canadian Stewardship and EPR Programs

(MGM Management)

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ONT - Deposits on wine, liquor & beer only
As of Dec 27, 2010
CANADIAN STEWARDSHIP AND EPR PROGRAMS
(StewardEdge)
CCME CANADA-WIDE ACTION PLAN FOR EPR

• Canadian Council of Ministers of the Environment (CCME) EPR Task Force provided broad guidance on EPR
  – Canada-wide Principles for Electronics Product Stewardship
  – Canada-wide Principles for EPR
  – EPR product evaluation tool

• Canada-wide Action Plan for EPR, October 2009 – promotes co-ordinated and harmonized EPR action on priority products by an agreed timetable:
  – Phase 1 (within 6 years) – packaging and printed papers; mercury containing lamps; electronics; household hazardous and special wastes; automotive products
  – Phase 2 (within 8 years) – construction and demolition wastes; furniture; textiles; carpet; appliances; ozone depleting substances

• June 2011 CCME announcement emphasizes priority work on packaging
CURRENT EPR STATUS AND RECENT KEY DEVELOPMENTS

- 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 legislation rather than individual product regulations
- Increasing emphasis on flexible performance based regulations and oversight
- Many provinces continue however to manage and provide oversight of EPR programs through quasi-government agencies
- Regulations governing EPR fees are appearing - New Brunswick; Quebec
- Continued uncertainty about Environment Canada’s use of EPR
Recent major regulatory and policy initiatives

**British Columbia**
May 2011 – mandates 100% producer responsibility for packaging and printed papers
Involved in Western Product Stewardship Collaborative (WPSC) - drafting a pacific coast EPR Action Plan

**Quebec**
EPR framework legislation and regulation June 2011
Shifts blue box to 100% EPR – producers fund, 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

**Ontario**
EPR “eco fees” controversy - failed launch Phase 2 of the Municipal Hazardous and Special Wastes (MHSW) program – July 2010
Packaging and printed paper EPR programs

Degrees of producer responsibility

100%
80%
75%
50%
50% (100%)
Packaging and printed paper: British Columbia

• Recycling Regulation mandates 100% producer responsibility for the residential sector – currently 100% municipal
• Obligated producers - stewardship plan due November 2012; implementation due May 2014
• Multi-Material British Columbia (packaging producers) initiating stewardship plan development
• The major challenge will be the transfer of responsibility from municipalities – the regulation is silent on the operational role of municipalities (in contrast to Quebec)
• Straightforward stewardship plan approval process – authority rests with Ministry of Environment Director – no quasi-government body
Packaging and printed paper: Ontario

- Shared responsibility model
- Program directed and approved through Waste Diversion Ontario
- Producers, through Stewardship Ontario, fund 50% of net eligible municipal program costs – annual municipal data call by WDO
- Municipalities have kept operational responsibilities
- Waste Diversion Act review recommended switch to 100% EPR in 2009 – recommendation has not been acted on – hampered by MHSW eco fee controversy
- More complex and prescriptive approvals process than in B.C.
Harmonization

- Producers are acting to harmonize and coordinate programs
- Used oil and container programs – Used Oil Management Association
  - B.C., Alberta,
  - Saskatchewan,
  - Manitoba and Quebec
- Waste electronics and electrical equipment
  B.C. (ESABC);
  Saskatchewan (SWEEP)
  Nova Scotia (ACES)
  (Ontario OES)
- True national harmonization only exists with the 3 national voluntary programs
  - CleanFARMS; Call2Recycle (RBRC); Refrigerant Management Canada
- Third party program operators such as Encorp, Product Care and Stewardship Ontario help to standardize management practices
The move from voluntary to mandated programs

• Established and voluntary programs being covered by EPR regulations
• Pesticide Containers
  Manitoba – CleanFARMS submitted a stewardship plan for their existing program

  B.C.’s packaging regulation will be expanded in the future to cover non-residential packaging, potentially including agricultural packaging

• Batteries
  The RBRC Chargeup2Recycle program is now expanding to accept all batteries and is covered under EPR regulations in B.C., Manitoba, Ontario and shortly in Quebec

• Hazardous Wastes
  Originally managed through some take back to retail initiatives
  In Manitoba, Ontario and Quebec significant numbers of these products are now or will be soon directly covered under EPR regulations
EMERGING CHALLENGES AND OPPORTUNITIES

- EPR concept is well established - no longer any real debate about the merits
- Debate has shifted - now focused on how to make EPR programs more effective and efficient for both producers and for governments
- With growing program maturity there are a number of emerging challenges and opportunities:
  - Fulfilling the promise and potential of the CCME EPR Action Plan
  - Moving beyond residential wastes to those from the industrial, commercial and institutional sectors
  - Harmonization of both regulations and programs
  - Cost internalization and fees
  - Driving environmental improvements
  - Increasing complexity with increasing programs and product designation
Fulfilling the CCME EPR Action Plan commitments

• CCME committed to monitoring Plan implementation and to produce a national annual status report on the performance of the priority EPR programs
  – To date no action has been taken on these commitments
  – The CCME EPR Task Group is no longer meeting
  – An ad hoc working group acting on the June 2011 announcement on packaging

• While programs continue to develop some are not aligned with the Action Plan guidelines or commitments Government resources to support the Action Plan and EPR program implementation are stretched

• The goal of giving clarity to producers could be threatened - producers strongly supported the harmonization principles and objectives of the Action Plan and the listing of priority products
Covering the industrial commercial and institutional (ICI) sectors

- Historic focus on wastes and products from the residential sector
- Waste diversion targets and environmental product improvement objectives cannot be met unless the ICI sectors are engaged
- The CCME EPR Action Plan makes no distinction between residential and ICI sources
- EPR regulations are increasingly being drafted or are being proposed to cover ICI sources as well as residential
- The move to cover ICI sources will bring to the table a new set of producers, who at the moment are generally ill-informed about EPR
- ICI sources will challenge existing recycling capacity - EPR programs will have to phase in and adapt to new volumes
Harmonization of regulations and programs

Harmonization of regulations and policy

• There is broad agreement on EPR policy and the need for level playing field regulations
• Provincial regulators communicate regularly, particularly between adjoining jurisdictions where the lack of harmonization can cause program difficulties
• Generally however regulatory harmonization still appears to be challenge for governments particularly given an apparent weakening of the CCME role

Harmonization of programs

• Harmonization is increasingly less of an issue for producers who have shown an ability to work together between programs
• Program cooperation and harmonization for electronics and used oil have shown results
• Producers are also starting to coordinate within jurisdictions – e.g. Recently formed Stewardship Agencies of British Columbia organization – province-wide EPR program guide
Cost internalization and fees

• A complicated issue that needs to be addressed in the context of other issues such as EPR objectives to incentivize product environmental improvements
• The Canada-wide EPR Action Plan supports program costs being internalized as a factor of production
• A number of programs do operate with no visible fee to the consumer and internalized costing
• The majority of EPR regulations are silent on the cost internalization/fee visibility issue
  – A significant number of programs operate with visible point of purchase fees
  – Visible fees have been accepted in the majority of cases by consumers
  – Some producers are strongly opposed to cost internalization
• Visible fees can however be very controversial - Ontario July 2010
• Quebec and New Brunswick are the only two jurisdictions so far to regulate against visible consumer fees
Driving environmental improvements

• The objective of EPR policy to improve the life-cycle environmental performance of products has still been largely unfulfilled
• It has proven difficult to link any product improvements solely or even partially to EPR regulation
  – Environmental improvement opportunities are limited in some products—e.g. oil, paint, tires, batteries
  – 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.
Increasing complexity

- The level of system complexity is increasing
- The same producers are challenged to operate similar programs in multiple jurisdictions
- Any moves to individual producer responsibility will further increase the number of programs
- Competing producer responsibility organizations could similarly increase the number of programs
- An increasing number of programs poses significant challenges
  - Are environmental agencies sufficiently resourced for oversight functions?
  - Consumer confusion and fatigue
  - Program management

- Performance-based harmonious regulations and a move away from more prescriptive approaches would serve to mitigate the complexity challenge
EPR LESSONS FROM CANADA AND WHAT TO WATCH FOR

• EPR Lessons
  – 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

• What to look for in the years ahead
  – Continuing growth in the number and scope of programs
  – Harmonization – largely driven by producers not governments
  – Moves by governments and by producers to internalize program costs
  – Increasing coordination of program promotion and education
  – Municipalities vacating direct program operations
FOR MORE INFORMATION

- Organization of Economic Cooperation and Development (OECD)  
  www.oecd.org/environment
- Canadian Council of Ministers of the Environment (CCME) – Canada-wide Action Plan for EPR  
  www.ccme.ca/ourwork/waste
- Environment Canada  
  www.ec.gc.ca/epr
- British Columbia Ministry of Environment  
  www.env.gov.bc.ca/epd/recycling
- Alberta Recycling Management Authority (ARMA)  
  www.albertarecycling.ca
- Electronics Stewardship Association of British Columbia (ESABC)  
  www.esabc.ca
- Waste Diversion Ontario (WDO)  
  www.wdo.ca
- Used Oil Management Association (UOMA)  
  www.usedoilrecycling.com
- CleanFARMS  
  www.cleanfarms.ca