

How Extended Producer Responsibility is Progressing in Canada

**Mark McKenney
President, MGM Management**

MGM Management

- **EPR specialists, litter audits, waste audits and recycling operation management advisors**
- **In business since 1996, prior Exec. Dir. – OMMRI & Pres. BRinC; set up recycling in NL, NB, ON, AB, BC. Have worked in environmental field for 35 years**
- **Clients: Are primarily stewardship organizations across Canada, municipalities in Canada & USA.**
- **Corporate clients to assist with stewardship compliance.**

EPR in Canadian Context (1)

- Canada is a large country, similar in size to the USA
- Canada is 3.85 million sq. miles and the USA is 3.78 million sq. miles in area. 3,200 miles from coast – to - coast
- 33 million people
- National federation with each province having rights to govern



EPR in Canadian Context (2)

- **Canadian constitution places “environmental” issues under responsibility of the Provinces. Provinces set rules for EPR programs.**
- **Federal government has advisory or secondary role in EPR in Canada**
- **Each Province has a “made-at-home” affinity. Many different program models used. Regulations can deal with one product type, or many product types.**

EPR in Canadian Context⁽³⁾

- **Much of the lead for Canadian programs taken from European programs**
- **Earliest EPR, were “bottle bill” laws in the 1970, 1980’s and 1990’s. These were generally “unpopular” with businesses. Restricting trade, costly**
- **First experiments with “industry involvement in recycling” – was the creation of curbside recycling programs in Ontario. Canada’s largest province.**

EPR in Canadian Context ⁽⁴⁾

- **OMMRI – Ontario Multi-Material Recycling Inc. created (1989) to form a partnership between business – municipalities – Province to create curbside recycling.**
- **In 19 years over 4 million households in Ontario alone, have curbside municipal collection. Many other EPR Programs have evolved in Canada**
- **Ontario diversion rate from landfill is 60 %**
- **City of Toronto's goal is 70% diversion by 2010**

How Many Programs

- ★ In-Place
- ★ In-Place (Voluntary)
- Pending
- Future

	Oil	Tires	Organics	Beverage Cntrs Levy	Beverage Packg. Deposits	Packaging & Printed Paper	Used Paint	Printed Materials	Electronics	Fluorents	Batteries	Household Special	Pharmaceuticals	Needles / Sharps	Autos	Milk Containers	Pesticide Cntrs	Ink Cart./ Cell Phones
Newfoundland	★	★			★		●				●	★		●		●	★	★
Nova Scotia	★	★			★		★	★	★		★	★	★	★		●	★	★
New Brunswick	★	★			★		●				●	★				●	★	★
P.E.I.	★	★	★		●			★		★	★	★	★	★	★			
Quebec	★	★	●		★	★	★	★	●		★	●	●		●			
Ontario		●			★	★	●	★	●	●	★	●	●	●				
Manitoba	★	★		★	■	●		●	●	●	★	●		★				
Saskatchewan	★	★			★	●	★		★								★	★
Alberta	★	★			★	●	★		★		★	●	★		●	●	★	★
British Columbia	★	★			★		★		★		★	★	★		●	●		

■ Manitoba Product Stewardship Program - Levy on soft drinks only.

ONT - Deposits on wine, liquor & beer only

Per April 1, 2008

CIWMB – Apr 2008

* Note: Not all these programs are true EPR, varied structures

Features of Canadian EPR

Legislated Backdrop

Truth # 1 : Only a law creates action

- **Legislated programs have been more effective in practice – voluntary programs have proven less effective**
- **Total of 70 “EPR – type” programs are currently operating in Canada**
- **88% of these (62) have legislative requirements requiring participation by manufacturers / distributors or retailers**

Features of Canadian EPR

Producers Are Engaged in EPR

Truth # 2 : Producers and consumers responsible for the lifecycle management of their products

- **How are producers / consumers engaged in creating EPR programs?**
 - Government regulation requires a plan
 - Responsible group invited to submit a plan (or government can act unilaterally and implement a program)
- **Industry must consult with stakeholders on their plan**
- **In line with government direction - move towards results-based legislation** (Government sets a program goal then allows industry to focus on achieving it)

Features of Canadian EPR

Producers Are Engaged in EPR (con't)

Truth # 2 : Producers and consumers responsible for the lifecycle management of their products

- More & more programs are focusing on environmental outcomes not only operations
 - Collecting the “stuff” isn’t the only important aspect – what are the environmental consequences of the program?
- Canadian programs tend to allow flexibility in design & operation
- Ensure transparency
 - Funds audited and reported publicly
 - Annual reports on operational and program outcomes

Features of Canadian EPR

Accountability & Efficiency

Truth # 3 : Those who “pay” will drive down costs

- **Canadian EPR programs have a mix of 100% producer pay and some are shared responsibility with municipalities** (depends of the products managed)
- **Producers pay great attention to cost**
- **Municipal partners will perform well to standards that are equitably set**
 - Benchmarking, paying to a given standard of performance
 - If performance exceeded – pay more than standard amount
 - If performance deficient – penalty , pay less than standard amount
 - Full disclosure of standards, performance measurements & payments

Features of Canadian EPR

Accountability & Efficiency

Truth # 3 : Those who “pay” will drive down costs

- **All stakeholders must have a say in setting goals – setting fees very crucial to trust - fairness paramount**
- **Collective programs to improve efficiency can work**
 - **Ontario glass project**
 - **Mixed broken glass was costing \$40 / ton to process, by creating 1 large plant this cost will drop to < \$20 / ton and will continue to approach zero as more tonnage added.**
 - **Plastic recycling plan – will attempt to handle mixed plastics in large volumes**

Best Run Programs

- **Government oversight – industry run**
 - Incentive to reduce costs
 - Small bureaucracies – few staff
 - Expertise purchased upon demand
- **Program plans reviewed**
 - Government requires reporting on goals
 - Re-set objective if required
 - Continual improvement possible
- **Corporate Style Governance**
 - Board members represent stakeholders
 - Consumers / public also represented
 - Members NOT political appointees – picked for skills



Stakeholder Process

- **Only those that matter need be directly involved**
 - Those whom have to comply with the law should always be involved
 - Those who pay will offer their attention
 - Those who will “run” system will also be highly engaged – they get the mess if things are not done properly in the system design
 - Those wishing to frustrate the process will usually be the loudest at any meeting
 - Independent managers for the consultation process build credibility (no set stake)
 - Set consultation deadlines – stick to them

Time Lines

- **Legislative backdrop required**
 - Public policy goals, drafting, hearings, amendments , acceptance, signing (6 – 18 mo.)
- **Program design**
 - If industry, 6 – 12 months depending on program
 - Consultation included
- **Implementation**
 - Usually within 12 months
- **Review**
 - Every few years (2 to 5 yr. cycle)



How Measure Success

- **Are public policy goals originally set out being met?**
 - Are the goals realistic and achievable?
- **Financial**
 - Is program as cost effective as possible
 - Is cost containment part of program
 - Are there incentives for good performance and penalties for poor performance – are these policies used
- **Environmental**
 - Have the environmental benefits of the program been measured?
 - Do the environmental benefits outweigh any burdens caused by the program

Key Challenges

- **Costs**
 - Finding ways to control cost at all levels
- **Transparency**
 - Assuring stakeholders have access to information, financial & policies
 - Stakeholders need to remain committed to continuous improvement of programs
 - Forum for disputes to be settled outside of political sphere (arbitrated solutions)
- **Environmental Benefits**
 - Next frontier is determining how program benefit the environment.
 - For example: Impact of recycling on GHG emissions? Do programs reduce the level of toxics in the environment ?
 - Can design for the environment be effective?

How Can Programs Improve

- **Strong governance – treat the program like a corporate entity**
 - **Skilled Directors – lessen self interested representation on Boards, public represented**
- **Gov't sets the rules --- then gets out of the way. Laws not prescriptive.**
 - **This model working VERY well in BC, Alberta, Saskatchewan, Manitoba, Ontario, Quebec**
- **Emphasize performance measurement**
 - **Cant hit a target if one isn't set**
 - **Corporate governance works well to performance**

New Frontiers for EPR

- By 2010 at least 15 more EPR style programs will be running in Canada
- Packaging, household haz wastes, mercury products, printed paper, e-waste will lead
- More programs likely to follow in USA – will industry get engaged as they have in Europe and in Canada – don't know?



	Oil	Tires	Organics	Beverage Cntrs Levy	Beverage Packg. Deposits	Packaging & Printed Paper	Used Paint	Printed Materials	Electronics	Fluorescents	Batteries	Household Special	Pharmaceuticals	Needles / Sharps	Autos	Milk Containers	Pesticide Cntrs	Ink Cart./ Cell Phones
Newfoundland	★	★			★		●				●	★		●		●	★	★
Nova Scotia	★	★			★		★	★			★	★	★	★		●	★	★
New Brunswick	★	★			★		●				●	★				●	★	★
P.E.I.	★	★	★		●			★		★	★	★	★	★	★			
Quebec	★	★	●		★	★	★	★	●		★	●	●		●			
Ontario		●			★	★	●	★	●	●	★	●	●	●				
Manitoba	★	★		★	■	●	●	●	●	●	★	●		★				
Saskatchewan	★	★			★	●	★	★									★	★
Alberta	★	★			★	●	★	★		★	●	★			●	●	★	★
British Columbia	★	★			★		★	★		★	★	★			●	●		

★ In-Place
 ★ In-Place (Voluntary)
 ● Pending
 ● Future

■ Manitoba Product Stewardship Program - Levy on soft drinks only.
 ONT - Deposits on wine, liquor & beer only
 Per April 1, 2008

Thanks for your Attention

- I am pleased to answer any questions that you may have
- Mark McKenney,
MGM Management
www.mgm-management.com
(250) 495-4592