

## **A Harmonized Approach to Extended Producer Responsibility in Canada**

Disposal of waste is increasingly costly for government: the cost of waste collection, transport and disposal or recycling rose 12 per cent between 2008 to 2010 to \$2.9 billion.<sup>1</sup> These costs and concern over the environment impacts of waste has led to the growing popularity of Extended Producer Responsibility (EPR), a policy approach in which a producer's (i.e. brand owners, first importers, manufacturers or retailer's) responsibility for a product is extended to the post-consumer stage of a product's life cycle. EPR programs shift the expenses associated with product end-of-life management from taxpayers to producers and consumers. Their goal is to incent producers to reduce the overall waste volume in the system through innovation, and to reduce the costs of residual waste disposal.

While waste management is primarily a provincial issue, the Canadian federal government has been active on this issue through the Canadian Council of Ministers of the Environment (CCME). In 2009 the CCME prepared a Canada-wide Action Plan for Extended Producer Responsibility that sought to extend the principle across the country in a consistent and harmonized way with maximum impact across the national marketplace.

Unfortunately, the design and implementation of EPR programs across Canada suffers from several flaws that increase their impact on the competitiveness of Canadian business while doing very little to reduce waste or impact on municipal budgets. These challenges include:

A lack of harmonization of EPR approaches across the country – Industries that manufacture complex goods and/or which operate across several Canadian jurisdictions must often comply with multiple programs, an administratively burdensome and time consuming task. The cost of complying with these programs totals around \$750 million annually in Canada. While there has been improvement on the harmonization of product categories, provinces still vary on several important issues, such as what items are included within product categories.

Transparency – Consumers ultimately pay the cost of EPR programs, but there are two ways to incorporate these costs: 'visible' fees that are charged in addition to the final price, or 'internalized' fees that are incorporated into the cost of the good. There are benefits and disadvantages to either approach depending on the characteristics of the product in question. Since producers and retailers are in the best position where and when visible fees will be the most successful and where other models should be considered, governments should avoid prescribing one method when designing EPR regulation.

In addition to flexibility regarding fee communications, retailers and producers should be permitted to organize their compliance frameworks in a manner that enhances self-determinacy, ensures individual producer responsibility and the delivery of programs at the lowest cost for compliance consistent with the achievement of mandated environmental targets. In short, government should prescribe outcomes and allow business, under harmonized EPR framework, to determine how best to achieve them.

### **Recommendations**

That the federal government work with provinces and territories through the Canadian Council of Ministers of the Environment to:

1. Continue to work towards a harmonized approach to extended producer responsibility programs across Canada.
2. Engage with the provinces to encourage a flexible, non-prescriptive approach to fee visibility as well as on the optimal design of EPR management programs to ensure efficient and competitive system.

<sup>1</sup> Statistics Canada.