

# British Columbia's Industry Led Product Stewardship (IPS) Model

Within our province, we have witnessed firsthand the environmental and economic benefits of our unique approach to product stewardship; one in which industry takes a leadership role in designing, operating and financing high performing stewardship programs.

Our achievements have been noticed in other parts of the world too. In particular, a number of states in the U.S. are examining how they might apply the IPS model to fulfill their needs. Below is a transcript of a recent presentation given by Neil Hastie, Encorp CEO, to a joint meeting of the Assembly Committees on Environmental Safety & Toxic Materials and Natural Resources in Sacramento, California.

"Thank you for the opportunity to describe the British Columbia experience with Extended Producer Responsibility and Product Stewardship. California and B.C. have much in common. We are a people joined to the ocean and contained by our mountains. Our desire to protect the natural environment influences the way we think and the way we govern.

These shared values are being expressed in tangible ways through the Pacific Coast Collaborative that brings together the governments of California, Oregon, Washington and BC. At their meeting in Davis in November of last year, the governors and our premier announced their interest in coast-wide efforts to promote product stewardship, which includes the reduction of product materials that contribute to marine debris.

In my testimony today I will cover:

1. Key policy choices made by the government of BC
2. Economic and environmental outcomes from the product stewardship programs in BC
3. The evolution of our product stewardship regime
4. Lessons we learned

My hope is that I can reveal an experience with EPR that can be demonstrated to be good for the economy while doing good for the environment in your state as it has in my province. Encorp Pacific is an industry stewardship corporation operating stewardship programs for beverage containers and electronics. My Board is made up of major producers and retailers. My observations have been distilled out of 45 years in industry, the last 13 in the stewardship business.

Now, I would like to describe the elements of a winning approach to product stewardship regulation.

Firstly, the key policy decision is to hold industry responsible for physical and financial obligations in the end-of-life management of consumer products and packaging.

Secondly, government should regulate with a focus on results and ensuring compliance and ensuring a level playing field for all producers; however, they should neither operate stewardship programs nor prescribe in statute the methods to be employed by industry who they have charged with the duty to perform. Admittedly this takes courage and discipline. The results are worth it. This has been the BC experience.

So what are the results? Keep in mind that the California economy is ten times the size of BC. On the job front these stewardship programs have created 2100 fulltime jobs. There have not been any disruptions to our economy nor for the companies affected by these programs. On the environmental side, the diversion of materials away from landfill and into the resource recovery economy has annually reduced greenhouse gas emissions by 600,000 tons equivalent to taking 73,000 cars off the road with the conservation of 860,000 barrels of oil or 40 million gallons of gasoline. We are pleased with these results for our province. Your potential is significant.



How did we do it? It has been a journey that started almost 20 years ago with the BC government initially operating recovery programs for scrap tires and automobile lead acid batteries. These initiatives were financed through the sales tax system. Recognizing the wide range of other materials that were entering the environment and therefore a risk to human health and at the request of local governments faced with increasing costs; government officials were keen to do more but were constrained by budget difficulties and the need to reduce staff and to downsize government. As Yogi Berra once observed – It's déjà vu all over again.

Coincidentally, in Western Europe, laws were emerging that shifted the financial responsibility away from government to producers and consumers. In addition to relieving local governments of the burden of costs, the goal was to engage producers in end-of-life management to incentivize them to embrace sustainable design and production and to use their market expertise to elevate environmental performance. It became known as EPR.

This was a game changer in BC. From 1994 to 1998 the government under the NDP (similar to the Democratic Party) enlisted, through regulation, industry to set up stewardship programs for used oil, unused pharmaceuticals, leftover paint, and a wide range of residual HHW.

The final crossroad on our journey was the introduction by the Liberal government (similar to the Republican Party, you can observe that product stewardship in BC has not been a political or ideological issue) in 2004 of a true framework approach. Here's why: Industry, now being required to accept end-of-life management for a wide range of consumer products, wanted, as a quid pro quo, to reduce the amount of prescription that had crept into the individual separate regulations. Other industry sectors recognizing that they too would soon be regulated wanted certainty as to what the intent and the requirements would be for their products.

As well, government officials could see that their oversight duties were being made quite onerous as the prescriptions within the individual regulations required them to second guess markets and to resolve a myriad of business to business conflicts. Today, the BC government employs six fulltime staff to administer all of these programs and local governments, now relieved of this responsibility, enjoy significant savings in direct staff and landfill costs.

In your information package is the BC Recycling Handbook published by industry. All of these programs are industry operated stewardship programs. Since we published the handbook last year, new programs for fluorescent lighting, thermostats and small appliances have been approved. Packaging and printed-paper is scheduled to be brought under industry stewardship within the near future.

Would we go back to government-operated programs? No we would not. Industry likes it the way it is. Environmental groups are satisfied that industry is performing. Governments at both the senior and local level envisage the day when all consumer products and packaging are managed by industry through EPR programs and local governments handle only organics such as food waste.

In conclusion, here is what I think we know:

1. To minimize economic distortions, optimize job creation and reduce the burden on local taxpayers, allow industry to design, finance and operate regulated stewardship programs for consumer products and packaging
2. To achieve continuously improving environmental outcomes, require industry to provide verifiable and transparent reporting of results
3. To enlist broad support, consult widely in advance of implementing industry led stewardship programs

EPR is an alternative regulatory system that works. Initiated under a well-designed framework approach, industry will, in my opinion, accept its responsibilities and produce economic and environmental results for your citizens.

In closing I suggest that several questions need to be answered as you debate the future for expanding product stewardship in California.

If not now, when?  
If not you, who?

Thank you."

