

Competition –The Alternative

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Presented by: Neil Hastie, *Development Director of StewardChoice*



Natural Progression of EPR

- Public policy objectives placing more requirements on producers
- 100% industry responsibility model increasing in Canada
- Producers uncomfortable with defacto monopolies
- British Columbia Regulation allows for choice and competition
- Discussion in other Provinces includes the option of competition

Choice and Competition

Choice for Producers to:

- Form collectives or work individually to comply with regulations
- Contract with a stewardship agency to meet obligations under the law
- Reduce likelihood of monopolies

Choice for Service Providers:

- Ongoing competition at service provider level
- Ensures no monopsonies (regulated supply management)

Choice for Municipalities:

- Flexibility in design of collection methods

Competition and Fairness

Competitive Compliance Agencies:

- Competing agencies have the incentive to identify free riders which exist in both competitive and monopoly systems
- Establish transparent customer lists
- All compliance agencies will meet base performance standard and commit to essential principles

Government Focus for Levelling Playing Field:

- Establish clear definitions of a producer and their obligated products
- Enforce compliance
- Require measurable performance outcomes
- Establish rigorous reporting requirements

Who is Responsible for What?

Government responsibility:

- Enforce law
- Ensure environmental standards are met
- Set overall objectives and monitor performance
- Let producers and Recycling Service Providers innovate

Producer responsibility:

- Choose how to meet regulations
- Achieve agreed objectives
- Report producer and recovery data to government
- Producer interaction with their agency is governed by business laws

Supply Management Essential Conditions

Essential Conditions

In a Regulated Supply Management Regime

- All Producers are obliged to participate in a **single scheme**
- Recyclable materials are placed into the market at **unified prices**
- Recyclable materials **allocated by the scheme** to service providers
- Transaction terms are **unified**

Competition Can Work in EPR for Packaging and Printed Paper

Competition Would Play Out

Actions:

- Producers choose their Agency
- Collectors (local governments) choose their Agency
- Recycling Service Providers Bid for Volumes

Caveats:

- Each agency to achieve 75% recovery rate
- List of materials to be harmonized
- Performance reporting to be harmonized and transparent
- Each agency to commit to Essential Principles

Single Agency vs. Multiple Agencies

Both Models can Work

Traditional Model: Single Agency

- **Single** source for reporting to government
- **Single** public list of registered producers
- **Promise** of province wide coverage

New Model: Multiple Agencies

- ✓ **Multiple** reporting sources to government
- ✓ **Multiple** public lists of producers registered to each agency
- ✓ **Province wide** coverage in aggregate

Principles in a Multi-Agency System

- **Agencies share the responsibility for:**
 - Maintaining Stability of the Recycling System for PPP
 - Achieving Province Wide coverage
 - Increasing Citizen Access to Collection Facilities
 - Increasing Product Recyclability and Recovery Rate

- **Levels of Commitments to be:**
 - Proportionate to each agencies share of producer funds
 - Reciprocal to ensure a level playing field

- **Producer share gains will be matched by collection gains**

- **Mix of materials collected will be similar to producer licensed tonnes**

To Compete or Not to Compete

For Producers

Single Agency

Multiple Agencies

All Producers must join a single scheme → Producers have a choice

One size fits all → Business terms are tailored

Membership Commitment → Commercial contract

Board of Directors Make Rules → Terms are negotiated

For Collectors

Single Agency

One size fits all



Multiple Agencies

Conditions are tailored to local circumstances

Downstream Network is Dictated



Downstream determined by Collectors and Provider

Materials owned by Scheme



Material ownership is optional

Penalty based oversight



Best Practices

No negotiation on price



Negotiated Price

For Processors

Single Agency

Volumes of collected material allocated by scheme

Territory limited

Penalty based oversight

Multiple Agencies

Competition for supply

No dictated limits

Best Practices



EPR Models should be designed to be **RESILIENT**

StewardChoice in BC is **BRIDGING GAPS** in coverage

Competition drives **INNOVATION** and **EFFICIENCY**

