

**PRESENTATION FROM
ELECTRONIC PRODUCT STEWARDSHIP CANADA**

**TO THE COMMISSION DES TRANSPORTS ET DE L'ENVIRONNEMENT
DE L'ASSEMBLÉE NATIONALE DU QUÉBEC**

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Introduction

Electronic Product Stewardship Canada wishes to thank the Commission des transports et de l'environnement de l'Assemblée nationale du Québec for the opportunity it is giving our organization to discuss the issues regarding waste management in Quebec and more precisely, the many challenges regarding the e-waste management in the Province of Québec

Electronics Product Stewardship Canada (EPSC) represents more than twenty leading ICT and consumer electronics manufacturers operating in Canada. EPSC is committed to the successful and rapid deployment of an industry-led, locally-delivered end-of-life product stewardship program in Québec.

EPSC has a proven track record in terms of developing and implementing provincial electronic waste programs, including launching the SWEEP program in Saskatchewan in February. Our industry-led program in British Columbia, ESABC has been operational since August 1st. We are supporting the development of a similar program in Nova Scotia.

In Quebec, since 2003, EPSC has committed significant resources and worked closely with the Government of Québec and the Quebec Environment Agency Recyc-Quebec to help define a responsible, sustainable electronics recycling program for your province. The members of EPSC co-chaired the Filière and signed the Final Report that was made public on February 4th by the Québec Environment Minister, Mrs. Line Beauchamp. Some of our member companies also chaired the working committees like the Objective, Sorting-Dismantling and Collection Committees that led to the final ICT Filière Report .

When a draft regulation was tabled on September 27, 2007 that laid-out the backdrop for an effective program in Quebec, our organization submitted its comments to improve the scope and nature of the projected regulatory conditions that could ensure the success of an e-waste recycling program in Quebec.

The implementation of a successful ICT recycling program in Quebec is one of the most challenging tasks facing our industry.

Background

The term "e-waste" is loosely applied to both consumer and business electronic equipment, and there is no clear definition for e-waste. Often, e-waste is divided into various product categories, but under our approach we will start the program with personal computers (both notebook and desktop), computer monitors, televisions, and desktop printers. Additional electronics material will be added as the program develops.

At this moment, there are a variety of streams that e-waste may follow here and elsewhere.

- Alberta began Canada's first regulated electronics recycling program in 2004. Saskatchewan launched an industry-led program in February, and BC followed suit and launched their province-wide program on August 1st. Nova Scotia will have an industry-led program operational by February 2008.
- A number of EPSC member companies have existing take-back programs that customers can access, most for a fee, to ensure the products are recycled properly.
- But unfortunately many municipalities in other provinces in Canada are currently using landfills to dispose of waste electronics.
- Some brokers will take low-value EOL electronics and ship them to any number of developing nations where most often they will not be processed without proper environmental, health or safety considerations.
- In some cases, consumers can donate working electronics to non-profit organizations
- Most Canadians have at least one piece of scrap electronics stored in their basement, garage, etc.

Under normal usage, electronics equipment poses little or no hazards. However, many electronic products do contain materials such as lead, cadmium and mercury, which if not handled properly at end of life could have environmental impacts and

cause health and safety concerns. Thus, sending electronics to landfill and/or the improper processing of end-of-life (EOL) electronics, especially in developing nations, must be stopped.

Clearly the status quo is not an option. Although some of Quebec's e-waste is being recycled by local privately owned recyclers and the CFER, much of this provinces' waste electronics are being landfilled or sent to third world nations where there are serious concerns over health, safety and environmental issues. Environment Canada estimates that up to 71,000 tonnes of electronic waste was discarded by Canadians in 2005. In addition, many electronic products contain valuable materials that can be recovered and put back into the manufacture of new products, helping conserve natural resources such as copper and steel.

Key Positions

EPSC wishes to work in partnership with the Government of Québec and the other key stakeholders to implement a successful e-waste recycling program

EPSC strongly believes that the Government of Québec should take full advantage of our industry's successful and broadly supported programs in other provinces. We have overcome significant hurdles with the development and implementation of past programs and have learned valuable lessons which we are taking into account as we move forward with our program development across the country.

EPSC strives to meaningfully participate in the process leading to the implementation of an ICT recycling program in Quebec. We are, and want to remain, an active partner with the Government of Québec to ensure the success of this critical program.

EPSC ensured that past lessons learned were included in the Filiere report that was developed within Quebec by members of industry, the Québec Government and key stakeholders. The Filiere reflects four years of hard work on behalf of all players and EPSC, we agreed on key issues for the success of the program here in Quebec

- a gradual phase-in for products

- no imbedded recovery and/or recycling rates - use an approach based on actual data
- a Recycler Vendor Qualification Program (RVQP) that acts as a safeguard and is essential to preserving the integrity of any ICT recycling programs across the country (note: this safeguard is required by Ontario and has been adopted in BC, Saskatchewan, Alberta and Nova Scotia)

Our industry feels that these points are key to consider as the program regulation development phase moves forward, what is needed in a province the size of Québec is:

- 1- A non-prescriptive regulation;
- 2- Industry leading the design and development of the program, including product lists, definitions and timing;
- 3- A phased in approach to the product lists;
- 4- Utilizing the EPSC Vendor Qualification to ensure all components of the recycling process are implemented to the highest standard;
- 5- Leveraging existing infrastructure for collection;
- 6- Allowing industry to determine the applicable financing mechanism for each regulated product to ensure simple and harmonized management of the program

Stewardship programs are quite complex and require the development of an adequate and convenient collection infrastructure. Unlike other materials already being recycled, the infrastructure for broad-based e-waste recovery still needs to be established. In Western provinces, our industry and local governments started with existing infrastructures that could accept e-waste. Populations of each of these jurisdictions made it less complex to address properly. But yet still many these obstacles had to be overcome to make these ICT recycling programs cost-effective.

Starting with a short targeted list of priority products has been extremely useful in developing the program framework and to anticipate when more products can be added to the program once it is established. In addition, the market leaders for these

product lines are within the EPSC membership, which allows for a strong industry position on any issues.

Moving forward with a program for the regulation's current "Phase 1" product list of computers, printers and TV's has the full support of EPSC Canada and each of our member corporations.

In Quebec, this infrastructure is inexistent. Unlike other materials already being recycled, the infrastructure for broad-based e-waste recovery still needs to be established.

A lot of work needs to be done. EPSC plans to work with the Quebec municipalities to support their efforts in adapting their collection systems in order to receive ICT used products at their facilities properly. If retailers wish to accommodate their clients with voluntary efforts in accepting their used television or computers, than again EPSC will take all actions needed to ensure the process is encouraged and still allows for proper recycling. We will also need to look at other avenues, as we did in BC with the Salvation Army.

We strongly believe, as we did during the development of the Filiere Report, that the IFO should set recycling objectives based on the initial (first year) performance of the program.

Stating percentages may be understandable but based on the difficulty that other Québec industrial sectors have faced in meeting them, especially when they are high, can be damaging to both the government and the stakeholders involved in their respective recycling initiatives. For a province as significant as Québec, we would suggest it will be particularly important to leverage our knowledge from existing programs to set such goals.

At the beginning of the September 27th presentation, Environment Québec presented data and figures to explain the breadth and depth of environmental issues facing Québec in its quest to reduce the environmental footprint of its citizens.

Regarding ICT products, we were informed that 500,000 PCs, 160,000 laptops, 380,000 monitors, 283,000 flat screens, 549,000 printers and 624,000 cell phones

were sold in Quebec in 2004. In addition, there was no data providing the number of television sets sold. This is another issue that needs to be addressed properly to ensure the program is starting on solid grounds. A thorough assessment of the volumes of ICT products sold in Quebec is imperative. It will be a difficult task since many of ICT products in Canada are sold on-line. We also feel that it is critical to agree on the methodology used to compile this data as since it is on the basis of these figures that the Québec Government plans to implement its recovery annual recycling rate.

A Recycler Vendor Qualification Program (RVQP) that acts as a safeguard is also essential in Québec. EPSC has pioneered a recycling vendor qualification program to ensure that end of life recycling meets strict environmental standards. This approach, which has been vetted with recyclers from across Canada, will use third party audits to ensure environmentally conscious and efficient recycling, non-exporting of Quebec's electronic scrap to third world nations, acceptable health and safety controls and management systems are used to protect workers in local recyclers, and that the dependence on landfill use for disposal of e-waste is greatly reduced.

We propose that the Quebec plan will likely start using an environmental handling fee (paid at the point of purchase) on the designated electronics products to provide stable financing for the recycling of the province's e-waste, allow for full program participation by all stakeholders, and to assist in educating consumers. This approach also takes financial pressure off the municipal tax base. All funds collected from Quebec consumers would go towards the collection, transportation and final, responsible recycling of those products and the existing e-waste in Quebec. In addition, funds would also be used for the overall program management and for public education. In our view, it is essential to allow industry to determine the applicable financing mechanism for each regulated product to ensure simple and harmonized management of the program. It is also important to note that EPSC members have predetermined that over time, we expect these programs will move to an internalized cost model, whereby, the elimination of the early stage handling fees is mandated.

ICT recycling programs in other jurisdictions are working on a visible cost structure which EPSC believes is a more transparent and cost-effective way of managing the recycling programs including addressing the issue of historical and orphan waste in a program's early stages.

The goal is to have one environmental handling fee for each major product paid at the point of sale for new products. This is already being done in Alberta, Saskatchewan and British Columbia and is successful to date. Having Quebec adopt the same approach on recycling costs is critical to the harmonization of this program across Canada and in demonstrating clear support of the CCME principles.

As with the other material files, brand owners or first importers/retailers will be responsible for managing e-waste programs. Electronics Product Stewardship Canada (EPSC), will work with the Government of Québec as it moves forward with end-of-life electronics waste management regulations: EPSC's twenty members are brand owners and manufacturers, who are the market share leaders in the television, personal computer and computer printer sectors, they will work to create a cost-effective program in Quebec to keep material out of landfills, and to ensure safe, convenient and reliable recycling of products.

We still need to define a regulatory structure to address the level playing field issue. A level-playing field occurs when all the obligated producers participate in the regulated program and are treated fairly so that one producer does not use the program to gain a competitive advantage or profit over another. The electronics industry is made up of a wide variety of producers, from large multinational companies to small businesses, from established firms and brands to new or unknown firms and brands, and from sales through traditional retail store to internet sales. For example, recent industry estimates suggest that up to 25% of computer sales in Canada are conducted on-line. With such an array of producers it is important that all the producers are required to participate.

Historic e-waste, products that were put onto the market prior to the introduction of an e-waste program, will also need to be managed appropriately. These orphaned e-waste are products that were manufactured by a company that is no longer in

business. Because of the extremely competitive nature of the electronics industry, there are many companies that have placed products onto the market that are no longer in business. EPSC has made a commitment to work with the Government of Quebec to address these waste streams under the Quebec stewardship program.

EPSC's long term goal to internalize these fees as the historical & orphan waste is processed through the program. Existing industry-led stewardship programs across Canada, such as SWEEP in Saskatchewan & ESABC in British Columbia (as well as for other waste streams such as used oil, tires and paint) all include an environmental handling fee for the financing of the program. All costs associated with the development and implementation of these programs will ultimately be recovered through the price the consumer pays for the product. A number of European nations have tested different financing models and have concluded that, in the short-term, a visible eco-fee is the best way to address the very large stockpiles of existing e-waste, which went into the market before the regulation was enacted, or from manufacturers which are no longer in business. Over time, and as this legacy waste is addressed, the program will explore methods of providing incentives to reduce, and eventually, sun-set the fees.

The program fees were based on extensive research and analysis on what it would cost to collect, consolidate and process electronics plus the costs of managing the program and educating the public. While there are other programs that can be used as models, it is difficult to anticipate how the flow of returned electronics will ramp up in Québec or Ontario; therefore, program fees must be established at a level that ensures the financial sustainability of the program during its start-up. Collection and recycling make up the largest part of the fee. With Canada's large landmass and sparse population, collection will be a consistent cost challenge. Recycling electronics in an environmentally-sound manner is expensive and the infrastructure to handle these materials in Canada is still in its development stages, but experience in other jurisdiction has show us that over time, as economies of scale increase, and a competitive industry develops, the cost of recycling should go down and fees can be reduced accordingly.

We have also looked at the idea of deposit return handling fee for our products. Both the size of the environmental fees and the relatively long-life (up to 20 years for TVs) of the designated electronics mean deposit systems are not workable for this program.

Conclusion

We understand that the Government of Québec wants our industry to implement and manage the ICT recycling program as quickly as possible. But again, we advise caution here. The scope of work and complexity as we stated in this presentation represents a major challenge to our industry and our members. A task that we will be achieved successfully, if we all work together.

In conclusion, EPSC appreciates the opportunity to be involved in the process that will lead to the implementation of the first ICT recycling program in Québec. We have always been an active partner with the Government of Québec, and we intend to pursue our collaboration in a positive and constructive manner to ensure the success of this important program.