

# EXTENDED PRODUCER RESPONSIBILITY

## BACKGROUND



### What is **Extended Producer Responsibility**?

Extended producer responsibility (EPR) is a policy approach in which producers of products and packaging manage both the financial and operational obligations of recycling their materials when they reach end-of-life - including collecting, sorting and processing their materials, and finding markets to ultimately recycle them. EPR enables an industry-led approach that does what government-led approaches cannot - it capitalizes on and empowers the business community to solve problems and innovate the most cost-effective and efficient solutions.

Implementing an EPR framework for residential packaging and paper products would have many benefits for Alberta. It would support Alberta's Natural Gas Vision and Strategy by providing Alberta's plastics producers with access to the local plastics feedstock it needs to position our province as a plastics recycling leader. It would create new high-paying jobs in the petrochemical and recycling sectors, attract investment, and spur innovation. EPR would also shift the cost and management of recycling away from municipalities and their ratepayers - saving over \$100 million a year in municipal budgets allocated to cover recycling costs, and empower industry to innovate ways to reduce waste and create economic value from their materials. It also supports small business and benefits consumers by creating a better recycling system for all Albertans.

EPR is a necessary step to facilitate the development of a circular economy where the economic value of materials is captured and maintained at its highest value for the benefit of Albertans, Alberta businesses, and our environment. A broad consensus exists among our industrial, recycling, and municipal sectors that the time to act and implement EPR is now if Alberta wants to position itself as a plastics recycling leader, save taxpayer dollars, reduce waste, and attract new jobs and investment into Alberta communities.

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### **EPR will support Alberta's Natural Gas Vision and Strategy to develop a circular economy for plastics**



Alberta's government is committed to exploring all opportunities that can diversify the economy and create high-value jobs for Albertans. Charting a sustainable path to recovery means Alberta must adapt and capitalize on new opportunities, especially those that can benefit from Alberta's already skilled workforce. EPR does just that.

As identified by the Natural Gas Vision and Strategy, one of Alberta's largest opportunities for diversification is the development of a circular economy within its petrochemical sector. Alberta is already thriving as the centre of Canada's chemicals and plastics industry, which is worth \$6.3 billion of the province's GDP, employs over 6,500 people and accounts for 9.4 per cent of the Alberta's manufacturing revenues. Alberta is committed to support its chemicals and plastics industry by actively pursuing initiatives to divert plastics as a new value stream and become a Western North American centre of excellence for waste plastics recycling by 2030.

To achieve this goal, Alberta's petrochemical industry must establish a waste plastics feedstock supply chain that will capture, retain the value of, and return plastics so that they can be re-processed into new high-value products that builds wealth for Alberta. EPR is a necessary building block to establishing this supply chain. EPR does this by enabling producers to do what municipalities cannot: create economies of scale by implementing a province-wide system to collect a common list of targeted materials, implement incentives to encourage management of those materials at scale, and invest in innovative systems that are cost-efficient. Where municipal investment is limited to its borders, producers can think bigger.

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The result: rather than sending plastics and other valuable recyclables to landfills or low-grade recycling systems overseas, EPR would help Alberta capture these materials as the high-value resources they are. The expertise of Alberta's chemical and plastics industry is unmatched and can be leveraged through an EPR framework to achieve the outcomes envisioned in the Natural Gas Strategy. It is a requisite step in establishing a circular economy for plastics and will better enable our industry to lead and attract investment to the province.



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## **EPR will improve environmental outcomes and bolster economic activity in Alberta's recycling sector**

Capturing valuable materials – instead of sending them to landfill – creates jobs and attracts investment all while reducing environmental impacts. Alberta generates and disposes of more waste per capita than any other province in Canada. EPR is a proven solution that achieves better environmental outcomes and can help re-establish Alberta as a Canadian leader in recycling.

A report commissioned by Alberta's municipalities, the Recycling Council of Alberta, and producer representatives investigated the impact implementing an EPR framework would have for Alberta. The study showed that implementing EPR would result in thousands of additional tonnes of paper and plastics being recycled and an additional 70,000 tonnes of carbon emissions avoided – the equivalent of taking 15,000 passenger vehicles off the road.

This same report found that an EPR framework would add \$16 million to Alberta's GDP through increased economic activity and create 220 new jobs in Alberta's recycling industry just to handle the material. These results do not include the jobs that would be additionally created by advancing a plastics circular economy and building Alberta into a Western North American centre of excellence for waste plastics recycling. The evidence is clear: EPR programs are proven to be a cost-effective way to improve recycling outcomes, bolsters jobs and create new economic activity in any jurisdiction that implements it.



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## **EPR will reduce costs to Alberta's municipalities and save taxpayer dollars**

Industry-led recycling reform has been proven to attract investment, create more jobs, and save taxpayer dollars – all while reducing waste. Unlike consumers in other provinces, Albertans bear the brunt of paper and packaging recycling costs through their utility fees or municipal taxes.

EPR is a better way that can enable Alberta's communities to save money and reduce waste by shifting the costs and management of recycling away from municipalities and their ratepayers. An EPR framework for packaging and paper products would save municipalities over \$100 million each year according to a report commissioned by Alberta municipalities, the Recycling Council of Alberta, and producer representatives earlier this year. Alberta's urban municipalities have further committed to passing on these savings to taxpayers.

Every province outside of Atlantic Canada currently has a form of EPR for residential packaging and paper products. Every year that Alberta foregoes EPR is a missed opportunity to deliver Albertans and Alberta municipalities much-needed financial relief. The five provinces benefiting from EPR for packaging and paper products received more than a combined \$415 million in funding from producers in 2019 – while Alberta received none.

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Under an EPR framework, Alberta's taxpayers can stop paying to send plastic waste to landfills and instead reduce strain on municipal budgets while producing new jobs and innovation in Alberta's plastics and recycling sectors.

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### **EPR creates a better recycling system for Albertans and does not increase costs for consumers**



Under an EPR framework for packaging and paper products, communities would not only save money, but Albertans would benefit from the implementation of one consistent system that has a harmonized list of recyclable materials across the province. This means recycling will be more accessible for all Albertans no matter where they live.

Currently Alberta municipalities operate hundreds of individual recycling systems, which means there is an inefficient patchwork of programs and uneven access to recycling across the province. A made-in-Alberta EPR system can be harmonized to respond to the needs of Alberta stakeholders, and help ensure more equitable levels of service and greater access to recycling programs across the province – particularly for rural Albertans where costs are often higher for their ratepayers and the opportunity for economies of scale are lower.

When other provinces first brought in their industry-funded recycling systems, there were often concerns about increased costs to common goods. However, now that the vast majority of provinces have implemented some form of EPR to fund their recycling systems, we have enough data to demonstrate that this concern is a myth. A recent study directly compared the costs of consumer goods in Alberta with British Columbia and Manitoba, which have industry-funded systems. The results showed there is no correlation between EPR systems and higher costs for common consumer goods. Prices of consumer goods are driven by other economic factors, such as energy costs, labor costs, local taxes, and distance from distribution hubs.

EPR for packaging and paper products would create a better recycling system for consumers and ensure Albertans have easier access to collection opportunities without added consumer charges.

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### **EPR supports the needs of small business**



The operators of industry-led EPR systems for packaging and paper products recognize and support the unique needs and circumstances of small business. EPR systems across Canada typically support small business by exempting those that fall below a minimum amount of annual revenue and/or weight of paper and packaging they supply to the marketplace. Currently 80% of Canadians live in provinces with EPR programs. These provinces are already benefitting from EPR while supporting their small businesses and driving investment into value-added recycling activities.

Alberta's comparator provinces, such as British Columbia, are already attracting tens of millions in recycling innovation investment under an EPR framework while supporting a thriving small business sector. Further delays in allowing Alberta producers to better recapture their materials means the province will fall further behind in value-added recycling investment.

Industry-led EPR would position Alberta to benefit from and compete for the investment in value-added recycling infrastructure and technologies while supporting its small businesses.

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### Recommendations for the Government of Alberta

A broad consensus exists among Alberta's industrial, recycling, and municipal sectors that if Alberta is to become the Western North America plastics recycling centre of excellence, the time to act and establish an EPR framework is now. To achieve this, the Alberta government must make regulatory changes necessary to implement an EPR framework.

#### We request the Alberta government:

Initiate targeted stakeholder consultations on an EPR framework and commit to developing regulation for packaging and paper products as soon as practical.

#### Core principles of an EPR framework for Alberta must include:

- Full producer responsibility: to create a circular economy industry must have full financial and operational responsibility for the system.
- Harmonized approach: to be most cost effective and efficient, the framework must enable industry to capitalize on economies of scale and administrative efficiencies across provinces through the implementation of a harmonized approach.
- Small business support: to be supportive of small businesses' unique needs and circumstances, a reasonable de minimis exemption should be established.
- Municipal flexibility: to ease transition, Alberta municipalities should have the flexibility to continue to provide collection services to their residents under contract to the EPR system operator if they choose, and the opportunity to exit the system as a service provider, if they choose.

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### Prepared for the Government of Alberta by:

