
Stewardship Options: A Review of Service Delivery Models

Ministry of Water, Land and Air Protection

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Executive Summary

The purpose of this assignment was to:

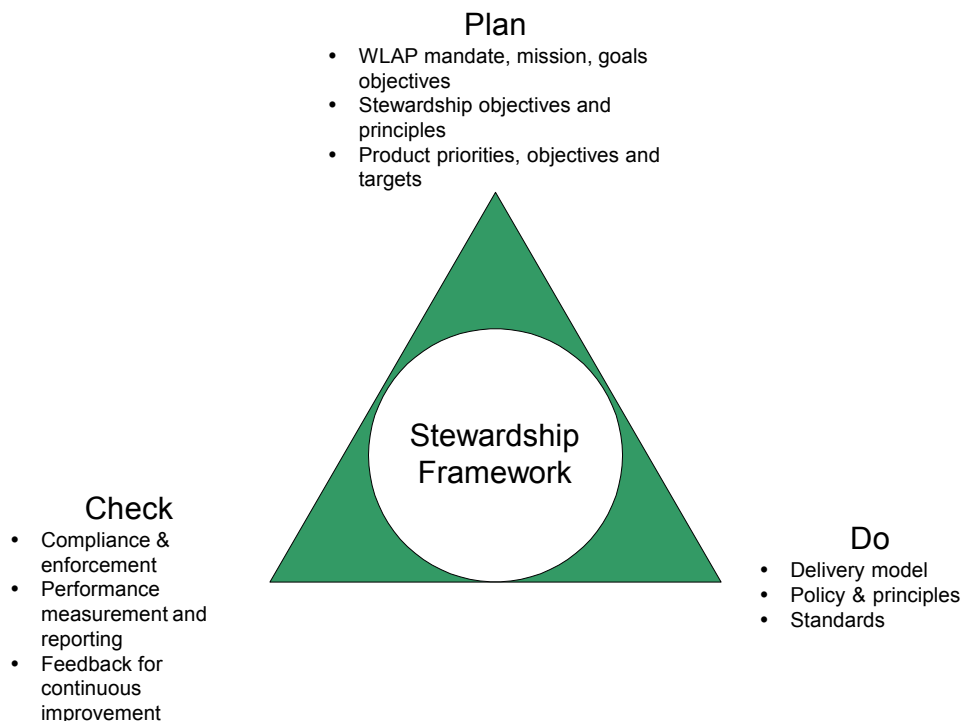
- Review the current industry and government managed product stewardship¹ programs in BC and other relevant jurisdictions; and
- Provide recommendations on principles and business delivery options for product stewardship in BC.

As part of the review the current BC Lead-Acid Battery Collection Program was examined and specific recommendations for a new program model are provided. This aspect of the assignment was delivered in a separate report to government.

Stewardship framework

The Ministry of Water, Land and Air Protection (WLAP) has embraced a strategic approach to management that will focus on outcomes that matter and achieving enhanced performance over time. This “plan, do and check” framework is shown in the exhibit below.

Exhibit: Plan, Do and Check



Within such a framework, programs and initiatives are expected to be clearly linked to and support strategic priorities, goals and objectives. The program design and service delivery model

¹ Product stewardship essentially means that those who produce, sell or use a product take responsibility for the economic and environmental impacts of that product.

should be consistent with stewardship principles and appropriate to the internal and external operating environment. The ongoing effectiveness and efficiency of initiatives will depend on strategies and approaches that support continuous improvement.

The adoption of the “plan, do, and check” framework requires the ministry to strategically review its role in how it manages and implements stewardship programs generally. This should result in a stewardship strategy to guide product specific initiatives. A well defined monitoring and performance system is essential to such a framework.

The Ministry’s current approach to designing and managing individual stewardship programs although not well articulated includes emphasis on partnerships and encouragement of the private sector ownership of initiatives. This at a product level is generally consistent with New Era policies, goals and objectives as summarized in Appendix 1.

From a service delivery perspective, this requires a shift from prescriptive, process-oriented approaches to outcomes-based approaches delivered by the private sector.

A formalized process for deciding on the products that should be subject to product stewardship programs is envisioned. This will allow for the identification and prioritization of products or product streams that must be the focus of product stewardship programs.

Upon identification and prioritization of a product or product stream that will be the focus of a stewardship program, specified goals should be adopted to guide the development and implementation of stewardship initiatives. These goals can range from the reduced toxicity of specific products to pursuit of alternative options such as relief for taxpayers from managing specific waste streams under the municipal waste management infrastructure.

The selection of the appropriate delivery model for a product stewardship program should consider the associated costs, benefits and risks specific to each option. The level of government control is expected to be significantly greater for situations involving high risk of harm to health and the environment. Where the risk is low, the level of provincial government control can be reduced.

The type of funding options to offset ministry costs to manage product stewardship can range from specific levies relative to the stewardship program of a specific product to a general levy that supports overall stewardship efforts. Other funding sources could include obtaining the portion of the provincial sales tax (PST) that is collected on any industry levy or separately disclosed fee. Irrespective of the way the funds are raised, a stable and accountable funding source is required to maintain ministry oversight of the stewardship program. The current process which places a disproportionate amount of costs on certain products, such as tire and lead-acid battery levies, does not meet the “polluter/user-pay” principal advanced by the ministry.

Recommendations –Stewardship Programming

Based on the review, the several recommendations have been presented for the consideration of the ministry and its stewardship programs.

1. The strategic direction (goals, objectives and principles) that should guide the stewardship program are not sufficiently clear to guide planning. Accordingly, higher-level direction, stewardship goals, objectives and principles, criteria for program success and the linkage between higher-level priorities and particular stewardship programs need to be articulated.
2. There is value in pursuing a disciplined, strategic approach to industry product stewardship rather than continue with an opportunistic/political, ad hoc approach that has characterized the development of these programs to date.
3. A detailed analysis of existing stewardship programs should be conducted to identify the extent to which constraints and incentive structures limit the capacity for continued improvement and internalization of costs at the product level.
4. Programs should be examined to identify the extent to which they create an ongoing incentive for the development of higher value products (or reducing the magnitude of the waste stream through careful management of product inputs or the development of new technologies and processes). There may be cases where the program incentive structure does not provide incentives for continuous improvement and cost minimization, which could limit the development of value-added businesses and economic development.
5. Adopt and further develop Environment Canada's Extended Producer Responsibility assessment tools to evaluate policy and program options for existing and new stewardship initiatives.
6. Recognizing the efficiency of the industry financed and operated product stewardship model, develop a plan to further move existing programs to full industry product stewardship and consider a phased expansion of this model to other product categories and waste streams. The plan should ensure a strong linkage between stewardship programs and the broader New Era and WLAP strategic direction.
7. Programs that do not incorporate ongoing market incentives for continuous improvement or create "incentives" that discourages innovation by industry, such as the proposed WDO model in Ontario, should not be encouraged.
8. Develop a strategy/framework to support performance management under appropriate accountability mechanisms with respect to industry reporting and government transparency. These accountability mechanisms should incorporate the features of effective accountability mechanisms proposed by the Office of the Auditor-General (Canada) in its recent report.
9. The stewardship framework should identify and formalize the factors that are essential to accountability for both government and clients and the role of audit and evaluation in supporting outcomes based approaches. In the interim, develop baselines, benchmarks and targets, along with criteria for success and measures to monitor progress towards objectives.
10. Regardless of the model chosen the development of any stewardship plan should involve increased cooperation and consultation with affected stakeholders.
11. Transparency (regular public disclosure) of performance and, when separately disclosed fees or charges are assessed to consumers, disclosure of program financial records should be fundamental to any stewardship program.

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12. Irrespective of the way funds are raised to support WLAP's role in the stewardship programs, it is important to have a stable funding source that provides stability for government oversight of these programs.

Taken together, these recommendations are designed to enhance the ministry's performance, and strengthen accountability under the New Era.

1 Introduction

1.1 Assignment background

This assignment was conducted for the Ministry of Water, Land and Air Protection (WLAP). The purpose of the assignment was to:

- Review the current industry and government managed product stewardship programs in BC and other relevant jurisdictions; and
- Recommend guiding principles and business delivery models for product stewardship in BC.

This involved an assessment of the stewardship programs against the New Era direction and the strategic management framework articulated in the WLAP core review. It also required consideration of what government's role should be in product stewardship, including costs, benefits, risks and the funding of its role.

As this review concluded, Environment Canada released a preliminary draft workbook that details a decision process and lays out specific tools for assessing when to implement extended producer responsibility (Marbek Resource Consultants Ltd., December 2001). This workbook provides a useful framework for evaluating product stewardship options and has also been considered in this report.

As part of the assignment, the current BC Lead-Acid Battery Collection Program was examined to evaluate the appropriateness of the existing program model. The results of this pilot assessment are presented in a separate report.

1.2 Assignment approach

The approach for the assignment included the following work:

- Interviews with program staff and selected industry representatives about the nature of stewardship programs in general, the specific options available for selected products, and the benefits and costs relative to those options
- Literature/internet review of stewardship programs in other jurisdictions, focusing on legislative, funding and delivery options
- Review of program files
- Review of Environment Canada's draft extended producer responsibility assessment workbook (Marbek Resource Consultants, December 2001).

The objective of the work was to identify the key components and characteristics essential to a general stewardship framework, and necessary for the development and selection of a product-specific stewardship strategy. This required the development of framework components and criteria.

In undertaking the review, the objectives of the Core Review process that government initiated in BC were considered. The review's *efficiency test* is especially relevant. This test asks, "Are the current organizational and service delivery models the most efficient ways to manage and deliver the program, activity or business unit?" Factors considered include:

Redesign of organizational models or structures;
Transfer to private or voluntary sector(s);
Use of cost recovery mechanisms;
Alternative service delivery mechanisms, regulatory approaches or shared services; and
Business process improvement and strengthened accountability.

1.3 Report Organization

The review is presented in five sections and attached appendices as follows:

- **Introduction** – Provides background information about the assignment;
- **Product Stewardship** – Presents an overview of the concept of product stewardship, BC's approach to it and a brief overview of how other jurisdictions supported product stewardship;
- **Assessment of Product Stewardship in BC** – Reviews BC's stewardship model in terms of its strategic alignment with New Era and WLAP goals and objectives, stewardship principles, product priorities, performance reporting, accountability and transparency, resources and funding options and, general stewardship models (see Appendices 1 and 2);
- **Conclusions and Recommendations** – Presents a summary of review conclusions and presents recommendations to support the development of a strategic framework for product stewardship in BC and an assessment framework to enhance performance and accountability; and
- **Appendices.**

2 Product Stewardship

2.1 What is product stewardship?

The concept of product stewardship is that those who produce, sell or use a product should take responsibility for the economic, environmental and health impacts of that product. This represents a departure from government managed and taxpayer funded initiatives to manage wastes.²

Stewardship initiatives have encompassed many aspects of the product life cycle. In some cases, processes and materials used to create the product are managed more carefully, which typically entails research and development and implementation of the knowledge (extension). In other situations, the waste stream is managed more carefully to ensure materials are recycled when possible and to dispose of materials in a safe and responsible manner. Recycling and disposal may include a variety of stewardship initiatives ranging from education, infrastructure development, research and development, extension, marketing, and the development of economic incentives for waste minimization by industry and consumers, diversion and recycling, for example.

Stewardship programs have been implemented both with and without government prompting. Private sector companies, in some cases have found that stewardship initiatives can support company goals by providing marketing opportunities, avoiding regulation, and reducing processing costs or the costs of raw materials. When these incentives are insufficient, government action can prompt or drive stewardship initiatives.

2.2 Product stewardship in British Columbia

Product stewardship in BC today does not appear to be the result of a disciplined strategy. Rather it appears to be the result of a combination of history, politics, revenue opportunities, and ad hoc industry and ministry initiatives. As a result there exists a wide variety of funding and delivery models and the relative contribution of the various initiatives to improving product stewardship is somewhat unclear.

The first initiative to promote product stewardship in BC was the deposit-refund system established for beverage containers under the Litter Act in 1970. Today, product stewardship covers beverage containers, lead-acid batteries, medications, paint, scrap tires, solvents/flammable liquids/gas/pesticides, and used oil.

² Other terms for product stewardship have included: enhanced product stewardship, shared responsibility, extended product responsibility, manufacturer responsibility and extended producer responsibility. There is some variation within each concept but in general they all have in common the goal of placing responsibility for product impacts on those involved in the product's lifecycle.

Product Stewardship Programs in BC

Stewardship Program	Setup Date	Primary Responsibility	Revenue Source
Beverage containers	1970	Industry	Deposit-refund system unredeemed deposits, recycled commodity revenues and brand-owner fees if needed.
Financial Incentives for Recycling Scrap Tires (FIRST)	1991	Government	Government levy
Lead Acid Battery Program	1991	Government	Government levy
Used Oil	1992	Industry (retailers)	Industry fees internalized in price
Post Consumer Paint Program	1994	Industry	Industry levy disclosed on receipts (termed "eco-fee")
Medications Return Program	1996	Industry	Industry fees internalized in price
Solvents/Flammable Liquids, Domestic Pesticides and Gasoline	1997	Industry	Industry levy disclosed on receipts (termed "eco-fee") and/or internalized in price

WLAP manages product stewardship in BC. The Ministry's stated approach to product stewardship is to have in place market-based incentives to produce packaging and products that can be cost-effectively managed at their end-of-life while leveraging private sector efficiency to minimize unavoidable costs.³

In this regard, the Ministry's strategy is to shift policies, programs and approaches towards waste management and recycling systems and industry compliance/enforcement mechanisms that are financed and operated by producers and users, rather than by the general taxpayer. Stewardship programs are also designed to support broader provincial waste reduction goals thus benefiting local governments.

2.3 Legislative/Regulatory framework in BC and other jurisdictions

Stewardship programs in BC are guided by the Waste Management Act and regulations made under the authority of the Act.⁴ To date stewardship programs have generally been established through regulation. (The Financial Incentives for Recycling Scrap Tires and Lead-Acid Battery Recycling programs were established in the absence of regulation.)

The stewardship model in BC has evolved significantly since the initial programs were established. FIRST and the battery program are referred to as *first generation* stewardship programs. In these first generation programs, government continues to play an essential role in program delivery. Others, such as PaintCare (now known as Product Care) are fully managed by industry, apart from the development of the Regulation and compliance and enforcement

³ WLAP (September, 2001), *Product Stewardship in British Columbia*.

⁴ Under the Waste Management Act, the Ministry has the authority to prescribe a material as a special waste or recyclable material and make regulations that generally guide the management of such materials. Refer to Section 57 (Power to Make Regulations) or the Waste Management Act.

activities. This latter approach, which reduces government’s involvement in operational activities and fosters industry/consumer responsibility for recycling is referred to as a *second generation* stewardship model, and the preferred model of WLAP.

The Ministry has also refined its approach to establishing the legal framework for stewardship programs. Early models tended to be prescriptive and established outside of regulations.⁵ Later programs have tended to be less prescriptive and focussed more on outcomes, but were still established under the authority of product-specific regulations. More recently, the Ministry has established the Post-Consumer Residual Stewardship Program Regulation, which represents a single regulation to cover many product groupings.

An overview of the legislative framework for current BC stewardship programs is presented in Exhibit 2-1, below.

Exhibit 2-1: Legislative/Regulatory Framework for BC’s Stewardship Programs

Act/Regulation/ Policy	Date	Overview
Waste Management Act		<ul style="list-style-type: none"> Enables the creation of regulations to govern the management of wastes in BC.
Financial Incentives for Recycling Scrap Tires Program	June 1991	<ul style="list-style-type: none"> The FIRST program is not enabled by regulation. The program is funded by consumers and administered by government. There is no involvement of the tire manufacturers/brand-owners, other than retailers, who collect the \$3 government levy charged for each new tire sold and voluntarily take back scrap tires from consumers.
BC Lead-Acid Battery Collection, Transportation and Recycling Program	June 1991	<ul style="list-style-type: none"> The battery program is not enabled by regulation. The battery program provides Transportation Incentive Payments (TIPS) as a form of funding assistance to ensure safe collection and transportation of end-of-life batteries from generators to an approved broker or processing facility. Funding for TIPS comes from a \$5 government levy collected on the sale of all new lead-acid batteries weighing over 2 kg. (i.e., automobile, motorcycle and industrial). The objectives of the program are to recover end-of-life lead-acid batteries
Return of Used Lubricating Oil Regulation	Sept. 1992	<ul style="list-style-type: none"> Requires all sellers of lubricating oil except industrial sellers to provide or arrange for facilities for the return of used lubricating oil up to prescribed quantities, filters and oil containers are not included.
Post Consumer Paint Stewardship Program Regulation	Sept. 1994	<ul style="list-style-type: none"> Requires producers and consumers of consumer paints to take responsibility for management of their leftovers or wastes. Producers of these products began rollout of a province-wide paint collection depot network in September 1994. Waste paints comprise as much as 70% of BC's household hazardous waste stream
The Post Consumer Residual Stewardship Program Regulation	March 1996	<ul style="list-style-type: none"> Requires the producers and consumers of solvents/flammable liquids, domestic pesticides, gasoline and pharmaceuticals to take responsibility for the management of their leftovers or wastes by developing a stewardship plan that must be approved by the Ministry. This regulation provides consumers with a safe and convenient method to manage household hazardous waste and reduce improper disposal.
Beverage Container Stewardship Program Regulation	Dec. 1997 April 1998	<ul style="list-style-type: none"> Requires all brand-owners and sellers of beverages in BC other than milk to have a stewardship plan approved by the Director. This plan must describe the development and operation of a deposit-refund based beverage container stewardship program, within an acceptable timeframe, that will provide consumers with an efficient and convenient system for the collection and recycling of beverage containers

⁵ Adoption of such an approach for the FIRST program has resulted in some confusion about the legality of the program.

Other Jurisdictions

The evolution of stewardship programs in BC is generally reflective of trends in other jurisdictions. Legal frameworks have tended to become less specific, and in many cases allow for the delegation of waste management to non-governmental entities. Some notable developments in other jurisdictions are noted below.

- **Manitoba's draft Household Hazardous Waste (HHW) Stewardship Regulation** identifies 11 categories of HHW that fall under the regulation. It represents a broader set of wastes than is covered by the BC Residuals Regulation. The regulation requires that manufacturers/sellers provide or subscribe to a stewardship program or cease the sale of specified products. The regulation also calls for greater coordination through the creation of a one-stop approach to waste collection. Like BC, a single regulation would be employed to cover several products.
- The proposed **Waste Diversion Act (Bill 90) Ontario** would establish a private sector not-for-profit entity called Waste Diversion Ontario (WDO). The Act allows the province to delegate authority for the development of diversion programs (stewardship programs) to the WDO. Industry organizations then have responsibility for particular programs, including their financing to a prescribed limit of 50% of net system costs. All other costs are funded through tax dollars on an ongoing basis. Bill 90 did not pass during the latest session of the Ontario Legislature and there is significant opposition to the Bill from industry and ENGOS.
- **Nova Scotia's Resource Recovery Fund Board (RRFB)** appears to operate under a model that is similar to Waste Diversion Ontario.
- **New South Wales (Australia)** recently established a state agency (Resource New South Wales) through the Waste Avoidance and Recovery Act (2001). The agency is responsible for developing broad waste reduction strategies and for putting in place programs. The agency can delegate powers to other agencies.
- **Taiwan's Waste Disposal Act (1997)** enables the creation of a recycling fund that is managed by eight councils. Each council is responsible for a particular product (e.g., tires, lead-acid batteries, lubricant oil, etc.). The council has representation from industry, government, and academia. The fund is maintained through recycling fees paid by responsible parties (manufacturers of specially designated materials or containers).

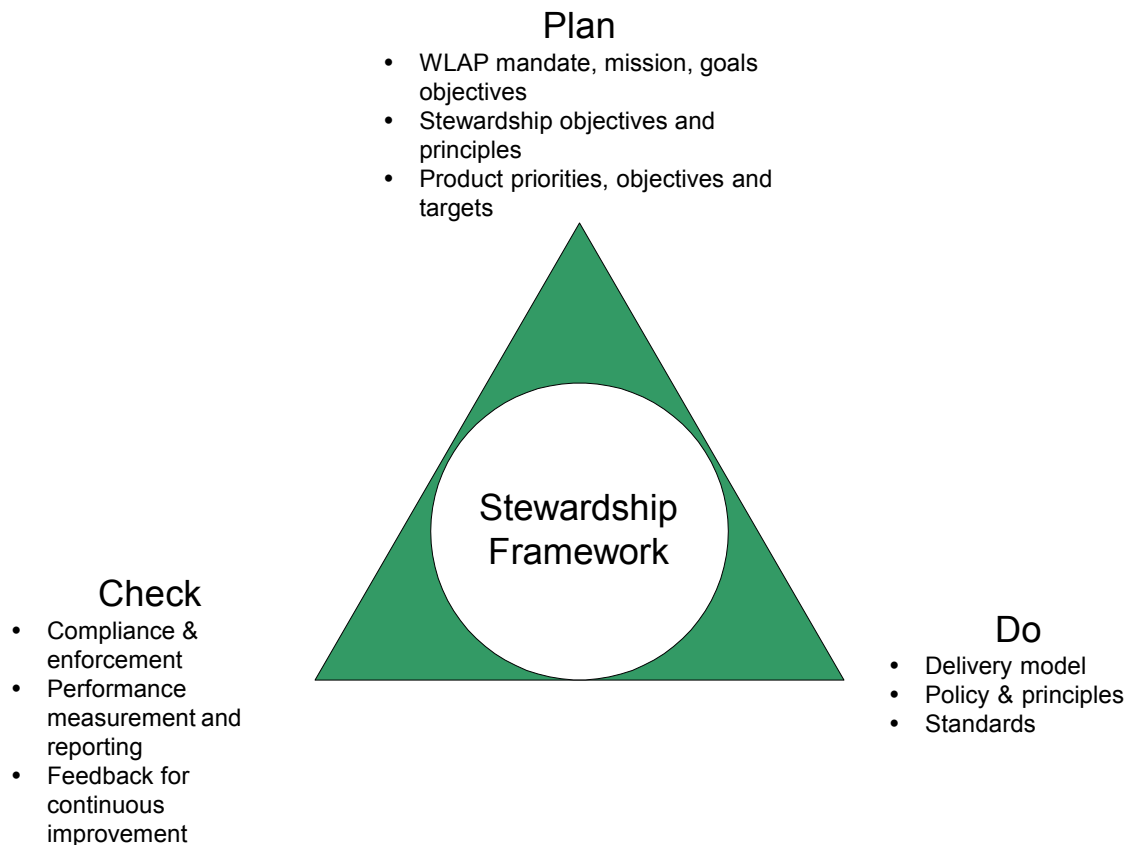
Additional information on each of these and other selected jurisdictions is provided in Appendix 4.

3 Assessment of Product Stewardship in BC

3.1 Introduction

The Ministry of Water, Land and Air Protection (WLAP) has embraced a strategic approach to management represented by the “plan, do and check” framework shown in Exhibit 3-1, focusing on outcomes that matter and the achieving of enhanced performance over time.

Exhibit 3-1: Plan, Do and Check



Within such a framework, programs and initiatives must be clearly linked to strategic priorities and objectives, support goals, relevant to the mandate and appropriate to the internal and external operating environment. The ongoing effectiveness and efficiency of initiatives will depend on strategies and approaches that support continuous improvement. Appendix 2 describes how to apply WLAP’s strategic framework to product stewardship and presents assessment criteria and key questions for evaluating the status of product stewardship programs.

This section assesses the existing BC situation and focuses on the identification of broad gaps, building on the stewardship framework presented in Appendix 2. The review is organized around the “plan, do, check” framework. Particular themes explored for each element of the framework are noted below:

Plan:

- Strategic alignment of stewardship programming with New Era goals and objectives
- Strategic alignment of stewardship programming with WLAP priorities and principles
- Rationale for particular product stewardship initiatives

Do:

- Program design principles
- Continuum of delivery models and general risks and opportunities associated with them
- Service delivery options for stewardship programming
- Resources and funding options

Check:

- Performance measurement and reporting
- Accountability and transparency

3.2 Plan

The assessment of the “plan” component of the WLAP’s stewardship framework involved a review of the following.

- Overall strategic direction established by New Era objectives and principles, and WLAP’s objectives and principles
- Alignment of the stewardship program with New Era and WLAP strategic direction
- Rationale for product-specific stewardship initiatives, entailing an examination of the approach to identifying priority needs
- Clarity of current stewardship objectives and strategies at the broad and product-specific levels

The dimensions to the framework are presented in Appendix 2.

Strategic Alignment

The stewardship program is expected to support broader governmental goals and objectives, while conforming to principles established through the New Era platform and WLAP’s mandate and core review process. Both the New Era Platform and WLAP’s mandate are reviewed in Appendix 1.

In broad terms, the stewardship programs support the overall goals of human health protection and environmental stewardship. However, until WLAP develops clear objectives to support these goals it will be difficult to select appropriate strategies, priorities, targets and delivery models. Although the existing stewardship programs generally support WLAP's mandate, it is not clear whether they are adequate or appropriate for the current internal and external operating environment.

In addition to goals and objectives, WLAP has defined principles to guide the way it operates as an organization in the New Era. These operating principles are noted in Appendix 1 and their alignment with current stewardship programming is reviewed in Appendix 5. In summary, these principles require WLAP to shift from its role as sole steward with prescriptive, narrow and process-oriented service delivery to an approach that is outcomes-based, builds partnerships with other agencies and the private sector, and supports integration and coordination across programs and the achievement of outcomes.

A general assessment of stewardship programming in relation to characteristics central to this new delivery approach are presented in Exhibit 3-2. General conclusions based on this assessment are noted below.

- The emphasis on partnerships in stewardship and encouragement of the private sector to act in ways that support broader public interests is critical to the New Era platform. Although these are not being consistently followed, WLAP has recognized the issue and at present the ministry continues to encourage a shift towards greater private sector involvement in stewardship programming.
- Clear, measurable strategic objectives for product stewardship have not been articulated, but are fundamental to setting priorities for product stewardship programs and accounting for performance. The Ministry's current approach to designing and managing product stewardship programming appears only somewhat consistent with New Era policies, goals and objectives.⁶
- Although WLAP has emphasized the need to allow flexibility with respect to the manner in which objectives are achieved, it has not always established clear objectives and output and outcome measures and targets for particular initiatives and stewardship programming in general.
- Some principles require that WLAP review its criteria for establishing stewardship programs. For example, there is likely to be a greater focus on the economic development role of programs and service delivery approaches.

Additional product stewardship issues are identified in Exhibit 3-2.

⁶ An example of a goal and supporting objectives could be:

- Reduce amount of non-renewable resource material and the amount of manmade polluting substances entering the environment as waste by:
 - Reducing the amount of metal entering the waste stream by XX%;
 - Recovering and reusing XX% of plastics volume currently used for product packaging; and
 - Reducing the volume of toxic chemicals entering the waste stream by XX% for specified products.

The objective should flow directly from the ministry's mandate, such as human health.

Exhibit 3-2: Strategic Shift in Service Delivery Approach and Mandate

New Era/WLAP Service Objectives	Potential Implications for Stewardship Programs	Product Stewardship Issues
Shared stewardship	<input type="checkbox"/> Shift to a much wider role for private sector	<input type="checkbox"/> Some product stewardship programs do not rely on private sector delivery <input type="checkbox"/> Strategies and plans for further increasing the role of private sector are not in place
Flexible, results based standards with audits and enforcement	<input type="checkbox"/> Reduced regulatory burden, outcomes based approaches	<input type="checkbox"/> Audit and evaluation plans have not been developed to ensure that stewardship programs are performance-based <input type="checkbox"/> Outcomes have been difficult to establish for some program areas
Defined responsibilities and targets	<input type="checkbox"/> Increased clarity with respect to roles and responsibilities <input type="checkbox"/> Clear, measurable performance targets built into stewardship arrangements <input type="checkbox"/> Long-term benchmarks and near-term targets required <input type="checkbox"/> Consequences for non-performance	<input type="checkbox"/> Benchmarks and near-term targets have not been established for most stewardship programs and for the stewardship programs in general
Integrated programs with objective measures based on science and continuous improvement	<input type="checkbox"/> Product stewardship initiatives driven by a strategic approach to managing waste (including HHW) <input type="checkbox"/> Increased focus on establishing scientific rationale for action <input type="checkbox"/> Increased demand to ensure that performance assessment/monitoring activities are used to support program planning and management <input type="checkbox"/> Need for objectives and performance measures <input type="checkbox"/> Increased focus on cooperating/consulting with partners and stakeholders <input type="checkbox"/> Approaches that increase opportunities for improvements (inherently flexible models for service delivery)	<input type="checkbox"/> Stewardship programs do not have clear strategic direction. (What are the mission, vision, mandate, goals and objectives of the program?)
Economic development with clear, reasonable outcomes and deregulated approaches	<input type="checkbox"/> Increased focus on role of stewardship programs in promoting economic development <input type="checkbox"/> Requirement for objective measures, long-term benchmarks and near-term targets required	<input type="checkbox"/> Economic development objectives are not explicit
Transparent, timely and accessible information	<input type="checkbox"/> Increased demand for a two-way flow of information	<input type="checkbox"/> Some product groups do not provide adequate reporting to province (Encorp annual corporate report model may be worth emulating)

Rationale for Stewardship Initiatives

The rationale for particular stewardship initiatives, as opposed to the overall stewardship program, was also examined. Evaluating the rationale for stewardship programs involved reviewing:

- ❑ The alignment of product level stewardship objectives to higher-level objectives (New Era, WLAP and stewardship programs in general); and
- ❑ The needs and priorities (which involves a review of the external and internal operating environments and an assessment of risks and opportunities associated with particular product waste streams).

Program Alignment: Stewardship programs should be clearly linked to broader goals and objectives. In order to develop this linkage, the logical relationship between program objectives and activities, stewardship goals and objectives, and WLAP and New Era strategic direction should be demonstrated.⁷ In this respect, the rationale for product stewardship programs should be defined in terms of their relationship to the ministry's strategic direction. As noted previously, an overarching strategy, goals and objectives for product stewardship have not been articulated. Furthermore, as indicated below in Exhibit 3-3, some product stewardship programs' stated objectives are not explicitly defined and may need to be clarified to establish adequate performance monitoring and reporting outcomes.

Needs and Priorities: Stewardship programming has generally been developed in response to client demand and political need or developed to take advantage of a particular stewardship opportunity. A framework for systematically identifying needs and priorities has not been implemented and, as a result, the rationale for the existing programming is not clear.

As the product stewardship programming matures and government performance expectations increase, it will be increasingly important to develop programs within a strategic planning context. The framework described in Appendix 2 presents criteria that are critical to priority setting, (i.e., criteria that focus on environmental, economic and health risks, the likelihood of these risks leading to actual impacts, the magnitude of the impacts and the costs and benefits of action). While these particular aspects of the framework have been employed informally in developing programs, they have typically not been applied vigorously or used in combination. Environment Canada's draft extended producer responsibility assessment process (Marbek Resource Consultants Ltd., December 2001) has provided a useful prioritization tool as well.

⁷ This can be developed with the support of logic models that are usually employed in program design, program evaluation or in developing performance measures.

Exhibit 3-3: Objectives of Current Stewardship Programs

Program	Performance Objectives
Waste Management and Recycling	<input type="checkbox"/> To assist local government in achieving the provincial waste reduction goals (waste stream destined for landfills) <input type="checkbox"/> To recycle/recover products in the household hazardous waste stream <input type="checkbox"/> To respond to priority waste management and recycling needs <input type="checkbox"/> To place financial and operational responsibility for the management of wastes with industry
Financial Incentives for Recycling Scrap Tires (FIRST)	<input type="checkbox"/> To divert virtually 100% of scrap tires from landfills <input type="checkbox"/> Assist the movement of scrap tires from generators to processors
Lead-Acid Battery Recycling Program	<input type="checkbox"/> To achieve a virtual 100% recovery and recycling of lead-acid batteries sold in the province
Used Oil	<input type="checkbox"/> <i>No objectives identified (see draft business plan)</i>
Post Consumer Paint	<input type="checkbox"/> To provide consumers with a financially viable return collection and management system for unwanted post-consumer paints, which comprise roughly 70% of the household hazardous waste (HHW) stream.
Solvents/flammable liquids, domestic pesticides and gasoline (Residuals)	<input type="checkbox"/> To provide consumers with a financially viable return collection and management system for unwanted solvents/flammable liquids, domestic pesticides and gasoline (These residuals comprise approximately 20% of the HHW stream.)
Medications Return Program	<input type="checkbox"/> To provide consumers with a financially viable return collection and management system for unused and expired medications.
Beverage Containers	<input type="checkbox"/> Regulation requires that beverage brand owners achieve a minimum container recovery rate of 85% no later than 2 years from implementation for each beverage category.

3.3 Do

The “do” component of the framework encompasses two levels at which stewardship services and functions are provided. At one level, activities services and functions can be grouped together that support “planning” such as policy development, strategic planning, the development of regulations etc. These activities are often referred to as “steering functions.” At another level, services and functions that are associated with the design of a stewardship initiative and the delivery of the program can be grouped together. Often these are identified as “rowing” functions.

In this section the focus is the delivery model for stewardship programming at both levels. The assessment is presented as follows:

- The current program design and delivery approach is reviewed against stewardship principles;
- The current delivery model is then discussed in terms of a range of possible alternative approaches for stewardship models;
- Several alternative delivery models are examined in relation to the current approach; and
- Funding options are then presented.

Assessment of Stewardship Model in Relation to Principles for Stewardship Programming

WLAP has established principles to guide the development of stewardship programs. These were assessed to ensure that they conform to New Era principles. Stewardship programs were then examined in relation to these principles. A summary of this analysis is presented in Appendix 6.

The assessment indicates that although existing stewardship programs are conforming to many of the principles, there are areas where additional focus is needed.

- **Outcomes-based** – As noted in the discussion of the “plan” component of the stewardship framework, the linkage between stewardship initiatives, the stewardship program and New Era/WLAP goals, objectives and principles have not been sufficiently defined. Objectives are of variable quality and generally require greater clarity before appropriate outcomes can be specified. For those programs where outcomes have been specified, benchmarks and other standards, and systems required to fully operationalize performance measures are not consistently in place.
- **Accountable and Transparent** – Accountability requirements have not been clarified across programs and as a result the level of accountability varies.
- **Economic Development** – Economic development is one potential benefit of stewardship initiatives and, under the New Era, integration between programs and economic development goals should be expected. Program staff have informally supported economic development goals. However, stewardship initiatives have not typically included specific economic development goals.
- **Continuous Improvement** - Stewardship program planning is not well supported by monitoring, performance assessment and review activities. This limits the capacity for improving performance over time. The lack of clear higher-level direction, clear criteria for program success and the poor linkage between higher-level priorities and particular stewardship programs also limits the capacity to make improvements over time.

Alternative Service Delivery - A Continuum of Stewardship Delivery Models

There are four basic service delivery options (see Exhibit 3-4):

1. Mandatory and Government Delivered – government regulated and delivered
2. Mandatory and Private Sector Delivered – government regulated, industry delivered
3. Negotiated – government and private sector agreement for goals and delivery model, private sector delivery
4. Voluntary – private sector initiated and delivered.

The choice of policy tools and service delivery models is directly related to the stewardship goals and objectives. For example, when there is a significant environmental, financial or health risk a mandatory approach may be appropriate, but when the risk is low it may be unnecessary. However, in low risk situations, regulation may be appropriate if an aggressive approach is deemed necessary to address other overarching objectives such as economic issues related to waste management.

The four service delivery options are briefly examined in Exhibit 3-5. Several general observations are worth noting:

- Product stewardship initiatives where there is a high level of environmental/human health risk tend to require greater government intervention. Indeed, where danger is highest, government may prefer to maintain complete control of delivery as well as the planning and monitoring.
- Product stewardship initiatives with high value waste products suggest that there is potential for industry to internalize the costs
- Product stewardship programs for waste products that pose a low environmental/human health risk and have a high inherent value tend to be most suitable for voluntary or negotiated models where recycling/recovery costs are internalized.

Product stewardship initiatives where there is an associated low value and low risk tend to be appropriate for public/private sector partnerships. The role of government is expected to be ongoing especially with respect to monitoring. The selection of delivery model options also needs to adequately account for the readiness and willingness of the private sector and the degree to which barriers can be removed or factors changed.

For example, although an assessment of risk and value may suggest that a product stewardship program has high potential for full industry stewardship with internalized costs, the current capacity/capability within a particular industry sector may suggest otherwise. In these circumstances, programs to overcome barriers to full industry stewardship could be developed to manage the transition to full industry stewardship. In this respect, it is recognized that one goal of industry product stewardship programs is to leverage corporate financial and technical resources to build capacity to reduce waste in a more efficient manner than could be achieved directly by government.

Accordingly, transition strategies involving government investment in infrastructure may be an inefficient approach. Readiness and willingness depends on factors such as:

- The quality of relationships between "partnering" agencies;
- Client skills, resources and capacities;
- Service provider skills, resources and capabilities;
- Technological inequities/compatibilities;
- The need to protect individual rights;
- The level of support at lower levels or within prospective partnering agencies;
- The level of support at the senior level within lead and prospective partnering agencies;
- The degree to which the approach is compatible with the existing corporate culture;
- The ability of lead and partnering agencies to commit required funding and staff resources; and
- The feasibility of meeting political and administrative requirements to "enable" the initiative.

The ultimate success of a delivery model will depend on carefully assessing the level of risk, the readiness and willingness of the private sector, the inherent value of the waste product, and the resources required against the higher level goals, objectives and principles. The specific reasons though for the selection of a delivery model need to be based on sound reasoning.

Exhibit 3-4: Continuum of Stewardship Models

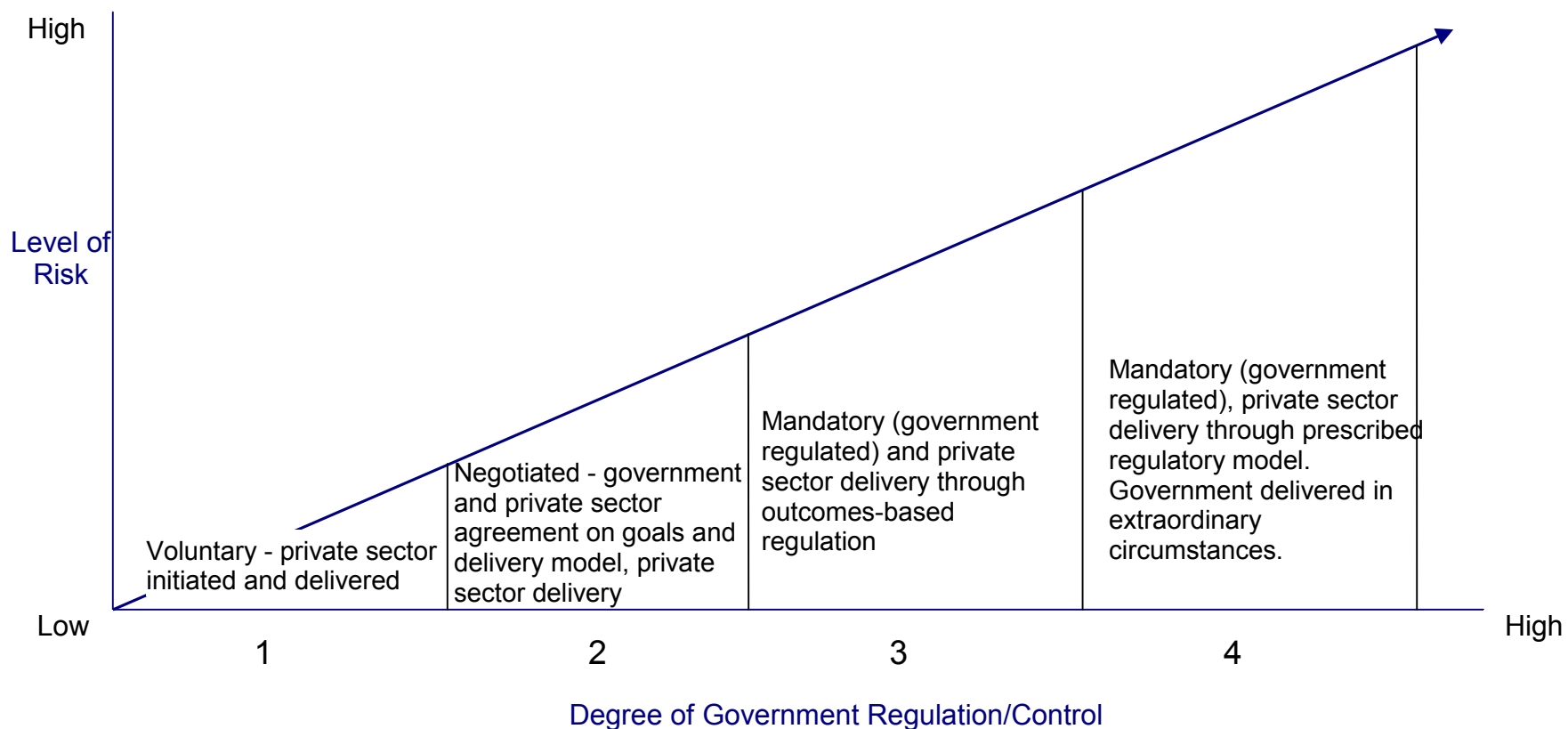


Exhibit 3-5: Assessment of Stewardship Options in Relation to Current Operating Environment

Key Success Factor	1. Voluntary	2. Negotiated	3. Mandatory – Private Sector Delivery	4. Mandatory – Government Delivery
Overview	<ul style="list-style-type: none"> Full industry stewardship (initiated by industry and not regulated by government) 	<ul style="list-style-type: none"> Government and private sector jointly develop goals and delivery mode Private sector delivery <p>Particular models include:</p> <ul style="list-style-type: none"> Government regulated and industry operated Government Industry Covenant (agreement in the absence of legislation or regulation) 	<ul style="list-style-type: none"> Government regulated and industry operated (Residuals Reg.) Government controlled agencies with service delivered by the private sector. Particular government models include: <p>Local government curbside collection ("blue-box") programs where collection and processing is contracted to industry</p>	<p>Government controlled agencies with service delivered by public sector agencies:</p> <ul style="list-style-type: none"> Line agency (WLAP) Special Operating Agency Legislated Agency Crown Corporation
Flexibility	<ul style="list-style-type: none"> Generally a high level of flexibility in operations (higher than other models) 	<ul style="list-style-type: none"> Generally a high level of flexibility in operations (higher than models 3 & 4) 	<ul style="list-style-type: none"> Government regulated and industry operated (i.e. Residuals Reg), as an example of an "outcomes-based regulation, can be very flexible if not too prescriptive. Sub-contracted services can be reasonably flexible in that government determines terms of service contracts. 	<ul style="list-style-type: none"> Line agency flexibility limited SOA and legislated agencies have greater level of overall flexibility
Performance Measures	<ul style="list-style-type: none"> Done internally. Government need for performance information is reduced due to the low risks associated with the product Government monitoring will tend to focus on broader, provincial indicators to monitor level of risk associated with product Industry model will likely require performance measures to ensure accountability to partners and, to a lesser degree, stakeholders Industry led model will likely adopt a set of business oriented performance measures. Profit motive will help to ensure that performance is tracked and managed Industry "self-policing" motivated by self-interest to identify free riders/non-compliant brand-owners may reduce need for government oversight 	<ul style="list-style-type: none"> Government-industry models require appropriate and sound performance measures since informal mechanisms for measuring performance will be less reliable Significant risks to model if performance measures, supporting systems and reporting structures are not clarified Industry led model will likely adopt a set of business oriented performance measures. Profit motive will help to ensure that performance is tracked and managed Industry "self-policing" motivated by self-interest to identify free riders/non-compliant brand-owners may reduce need for government compliance monitoring. Under voluntary systems, there is less capacity for government to ensure a level playing field and prevent "free riders" 	<ul style="list-style-type: none"> Reduced government control and increased use of the private sector requires strong performance measurement systems. Without one, significant risks can be encountered Industry "self-policing" motivated by self-interest to identify free riders/non-compliant brand-owners may reduce need for government compliance monitoring 	<ul style="list-style-type: none"> Plan, Do and Check done internally. Performance measures required but informal monitoring and performance measurement assessment can be relied on to manage program Models where government reduces level of control (SOA, legislated agency, Crown Corp) will require stronger performance measurement system If contracting out to the private sector is involved, significant risks to accountability and overall performance exist if performance measures are not well developed

Exhibit 3-5: Assessment of Stewardship Options in Relation to Current Operating Environment (con't)

Key Success Factor	1. Voluntary	2. Negotiated	3. Mandatory – Private Sector Delivery	4. Mandatory – Government Delivery
Staffing	<ul style="list-style-type: none"> Level of control of staff resource is variable Staffing may be dedicated to the delivery agency or staff from constituent organizations may contribute on an ad hoc basis 	<ul style="list-style-type: none"> Government – staff issues same as Model 1 with respect to planning and checking for gov't-industry models With respect to “doing” government-industry models will have variable control over staff resource. Industry can select the right people for the job but in many cases the capacity/capability will be affected by the approach taken by government to negotiate the agreement (i.e., criteria for selecting contractors – lowest cost versus highest quality service) and the potential for self-funding through eco-levy or some such approach.) For industry-led initiatives, control over staff is variable but beyond the control of government. 	<ul style="list-style-type: none"> Government – staff issues same as Model 1 with respect to planning and checking With respect to “doing” control over staff resource will be variable. Industry can select the right people for the job but in many cases the capacity/capability will be affected by the approach taken by government to negotiate the agreement (i.e., criteria for selecting contractors – lowest cost versus highest quality service) and the potential for self-funding through eco-levy or some such approach.) 	<ul style="list-style-type: none"> Under line agency model, control over staff resource is limited. This can lead to capacity/capability gaps in critical areas and perhaps reduced performance SOA, legislated agencies, and Crown Corps typically have greater control over staff resources. Risks are reduced High risks (environmental/human health) increase attractiveness of service delivery models with increased control of staff resources and budgets

Exhibit 3-5: Assessment of Stewardship Options in Relation to Current Operating Environment (con't)

Key Success Factor	1. Voluntary	2. Negotiated	3. Mandatory – Private Sector Delivery	4. Mandatory – Government Delivery
Program Funding⁸	<ul style="list-style-type: none"> Under full industry stewardship, costs could be internalized or a levy/core charge used to offset cost of recycling 	<ul style="list-style-type: none"> Funding could be generated through several different mechanisms (deposit, eco-levy, tax, core charge, internalized) Revenues could be collected by government or by industry Enhanced program continuity could be generated through special accounts, trust model or another arrangement that dedicates revenue stream to stewardship initiatives 	<ul style="list-style-type: none"> Under government regulated and industry operated arrangements, funding could be generated through several different mechanisms (deposit, eco-levy, tax, core charge, internalized) Revenues could be collected by government or by industry For the FIRST and Lead-Acid battery programs, currently funds move from CRF to SEF to individual product stewardship initiatives – program continuity difficult to maintain under the current model Enhanced program continuity could be generated through special accounts, trust model or another arrangement that dedicates revenue stream. 	<ul style="list-style-type: none"> High risks may require government involvement – argument for industry providing resource support for government involvement Likelihood for government subsidization of programs is much higher Under government regulated and operated arrangements, funding could be generated through several different mechanisms (deposit, eco-levy, tax, core charge) Revenues could be collected by government Enhanced program continuity could be generated through special accounts, trust model or another arrangement that dedicates revenue stream to stewardship initiatives
Incentives for Performance-Based Management	<ul style="list-style-type: none"> Incentives for PBM are highest under full industry stewardship 	<ul style="list-style-type: none"> PBM under contracted arrangements could be affected by lack of clarity around objectives targets and performance measures Capacity/capability of government agency to perform effectively during planning and monitoring will therefore have a significant impact on the overall performance of models Funding model (special account for stewardship programs, trust, or some such mechanism could further increase capacity for performance based management and planning, doing and checking capabilities) Industry-government models that 	<ul style="list-style-type: none"> PBM under contracted arrangements could be affected by lack of clarity around objectives targets and performance measures Capacity/capability of government agency to perform effectively during planning and monitoring will therefore have a significant impact on the overall performance of models Funding model (special account for stewardship programs, trust, or some such mechanism could further increase capacity for performance based management and planning, doing and checking capabilities) 	<ul style="list-style-type: none"> Variable Under current line agency model, incentives for PBM have been low. This may have affected quality of stewardship programs. In past, perception is that high performance has resulted in budget cuts, reduced staffing, and program cutbacks SOAs, legislated agencies and Crown Corps could enhance incentives for PBM Funding model (special account for stewardship programs, trust, or some such mechanism could further increase capacity for performance based management and planning,

⁸ Core charges and deposits are identified as funding sources in this table. These types of charges are more correctly thought of as return incentives. However, since recovery rates are rarely 100%, some component of the deposit/core charge is typically used to fund the product stewardship initiative. In fact, this dependency on these revenue streams for program funding can reduce the desire to achieve 100% recovery.

Exhibit 3-5: Assessment of Stewardship Options in Relation to Current Operating Environment (con't)

allow industry to charge eco-levy could both increase and reduce incentives for PBM. There may be a tendency in some associations to increase the levy in order to compensate for low performance. Other models may try to realize efficiencies in order to free up resources for new initiatives

- In some cases performance (high recycling rates) may serve to reduce profitability. (i.e., higher recovery rates with respect to bottles could lead to reduced profitability for recyclers)

doing and checking capabilities)

- Requirement for performance-based management would be higher since organization is managing high waste associated with high environmental/human health risk

Broad Framework for Product Stewardship - A Review of Four Service Delivery Options

The general models for product stewardship programs discussed above operate at the product level. While the product level is important, the broader framework within which product stewardship programs take place is also worthy of consideration. In this regard, the current model for stewardship programming was assessed alongside three alternative frameworks for product stewardship.

Alternatives were developed to reflect recommendations and issues raised by program partners and stakeholders, broad trends in other jurisdictions and New Era/WLAP principles. (Refer to Appendix 4 for a brief overview of approaches that have been taken in other jurisdictions.) Options focussed on both the legislative/regulatory aspects and the nature of the agency assigned responsibility for developing stewardship strategies and programs. These options are introduced below and then assessed against program principles in Exhibit 3-6.

1. Status Quo – continue with the evolutionary approach currently underway.
2. Develop an umbrella regulation that requires the development of stewardship plans for specified products.
3. Legislate a private sector, not-for-profit entity delegated authority to develop waste management programs and stewardship initiative.
4. Legislate a crown agency (legislated agency or Crown Corporation) that is given authority to establish waste management programs and stewardship initiatives.

The selection of an option should include consideration of the overriding principles that government would like to implement, such as the focus on delivery by the private sector. This may need to be balanced with the expectations of the public where human safety or environmental concerns are at the forefront. Regardless of the model chosen the development of any stewardship plan should involve consultation with affected stakeholders.

There is a general agreement from those involved in the stewardship programs that participant and public support are essential ingredients to program success. In addition, transparency (regular public disclosure) of performance and, when separately disclosed fees or charges are assessed to consumers, disclosure of program financial records should be fundamental to any stewardship program. Transparency is a cornerstone of accountability and long-term success.

Exhibit 3-6: Brief Assessment of Stewardship Options

Criteria	1. Status Quo	2. Umbrella Regulation	3. Authority Delegated to Private Sector, Not-for-profit Organization	4. Legislated Agency
Description	<ul style="list-style-type: none"> <input type="checkbox"/> Current incremental approach to developing industry-led product stewardship is maintained <input type="checkbox"/> Ad hoc, issue-driven approach maintained <input type="checkbox"/> Incremental development of full industry stewardship 	<ul style="list-style-type: none"> <input type="checkbox"/> Residuals Reg. is revised to include additional products <input type="checkbox"/> Some existing regulations repealed <input type="checkbox"/> Would require the development of a waste resource recovery strategy to ensure that priority products are included in regs and to ensure that stewardship model is feasible for specified products. 	<ul style="list-style-type: none"> <input type="checkbox"/> Legislation revised or new act established to enable creation of private sector agency <input type="checkbox"/> The agency would assume responsibility for developing stewardship strategy, programs and entering into agreements with product associations <input type="checkbox"/> Managed by a multi-stakeholder Board 	<ul style="list-style-type: none"> <input type="checkbox"/> Legislation revised to enable separation of policy and strategic planning from program development and administration <input type="checkbox"/> Agency assumes responsibility for developing stewardship business plan, programs and entering into agreements with product associations
Key Benefits	<ul style="list-style-type: none"> <input type="checkbox"/> Requires no additional resources <input type="checkbox"/> Allows for incremental steps toward full industry stewardship <input type="checkbox"/> Does not preclude more comprehensive reform down the road 	<ul style="list-style-type: none"> <input type="checkbox"/> Enhances the capacity to treat all consumers/producers fairly <input type="checkbox"/> Promotes industry stewardship more aggressively than status quo <input type="checkbox"/> Provides industry with direct market-based financial incentive for continuous improvement <input type="checkbox"/> Does not rely on tax dollars <input type="checkbox"/> Resolves the legal issues currently associated with the used tire program <input type="checkbox"/> Residuals regulation is an existing base for an umbrella regulation 	<ul style="list-style-type: none"> <input type="checkbox"/> Higher level of stakeholder involvement/support possible <input type="checkbox"/> Higher level of accountability to stakeholders <input type="checkbox"/> Government involvement in stewardship programs reduced, relative to model 4. <input type="checkbox"/> Model allows for the development of a provincial waste resource management strategy <input type="checkbox"/> Programs are developed within the context of a broader strategy 	<ul style="list-style-type: none"> <input type="checkbox"/> Separation of planning from doing functions <input type="checkbox"/> Government maintains higher level of control over stewardship programming – may be desirable in the short-term <input type="checkbox"/> Model allows for the development of a waste resource management strategy <input type="checkbox"/> Current unit responsible for stewardship functions could have higher level of autonomy and control <input type="checkbox"/> Programs are developed within the context of a broader strategy <input type="checkbox"/> Higher level of accountability to government could exist relative to Option 1 and 2

Exhibit 3-6: Brief Assessment of Stewardship Options (continued)

Criteria	1. Status Quo	2. Umbrella Regulation	3. Authority to Private Sector, Not-for-profit	4. Legislated Agency
Risks/Costs	<ul style="list-style-type: none"> <input type="checkbox"/> Approach to stewardship programming remains disjointed <input type="checkbox"/> No strategic direction <input type="checkbox"/> Not all products and waste streams treated equitably under current systems 	<ul style="list-style-type: none"> <input type="checkbox"/> Not clear which programs should fall under an umbrella regulation <input type="checkbox"/> Current capacity and willingness of industry/retailers/users to support stewardship programs for prospective stewardship initiatives is not clear <input type="checkbox"/> Residuals regulation has not been evaluated to determine its effectiveness/efficiency and overall performance/appropriateness given goals, objectives and stewardship principles <input type="checkbox"/> Initial costs to government could increase as government supports industry stewardship initiatives 	<ul style="list-style-type: none"> <input type="checkbox"/> High level of discretion provided to non-governmental agency to develop stewardship programs <input type="checkbox"/> Less government control over stewardship program decisions - higher government costs expected in the short-term to support the planning and policy work required to ensure that the model functions effectively <input type="checkbox"/> Separate fund would be required to support agency - could mean reduced government funding to other SEF programs <input type="checkbox"/> Government control over funding decisions reduced <input type="checkbox"/> Infrastructure support is likely required <input type="checkbox"/> Increased accountability risks <input type="checkbox"/> Lack of economic incentives for efficiencies and "free rider" problems 	<ul style="list-style-type: none"> <input type="checkbox"/> Substantially higher level of government involvement relative to Options 2 & 3 <input type="checkbox"/> Cost to government is much higher than other Options due to increased staffing and infrastructure requirements <input type="checkbox"/> Lack of control over program costs as government does not regulate product composition/formulation in terms of waste management costs. <input type="checkbox"/> Transition costs towards the model could be relatively low <input type="checkbox"/> Ongoing long term government financing will be needed. <input type="checkbox"/> No financial incentive for industry to reduce program costs through product reformulation/redesign, which is a significant factor in program operating costs. <input type="checkbox"/> Potential for continuous improvement is reduced since government does not operate under the same financial pressures as the private sector.
Mitigating Risks	<ul style="list-style-type: none"> <input type="checkbox"/> In interim, develop a broader strategy to guide stewardship activities and develop implementation plan to move from status quo to another model 	<ul style="list-style-type: none"> <input type="checkbox"/> Evaluation of Residuals Reg. could be undertaken to help identify appropriate structure for residuals regulation <input type="checkbox"/> Consultation with stakeholders to identify level of support for model and to identify products that should be specified within the model <input type="checkbox"/> Higher costs could be met through additional levy or by dedicating the revenue stream resulting from the tire and battery levies to stewardship initiatives exclusively (or dedicating a higher percentage to stewardship initiatives) 	<ul style="list-style-type: none"> <input type="checkbox"/> Performance standards, reporting requirements and approval mechanisms should be specified to ensure that government has assurance that programs will be developed and managed in ways that support stewardship objectives <input type="checkbox"/> Government could be represented on the Board of Directors Regulatory approach could be considered as an alternative if specified goals are not met within prescribed timelines <p>Option 1 or 2 could be adopted in the short-term to allow government to undertake the necessary analysis to support the move towards Option 3.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Performance standards, reporting requirements and approval mechanisms should be specified to ensure that government has assurance that programs will be developed and managed in ways that support stewardship objectives <input type="checkbox"/> Stakeholders could be represented either through the Board or on advisory/technical groups <input type="checkbox"/> Option 1 or 2 could be adopted in the short-term

Resources and funding options

The existing funding model of WLAP for stewardship places significant reliance on revenue generated by levies to consumers of new tires and lead-acid batteries, \$3 and \$5 respectively. Revenue collected from these levies becomes part of the Sustainable Environment Fund (SEF), where not all of the funds were dedicated directly to the tire and battery stewardship programs.

The use of a levy that is not linked to the management of the related stewardship program is inconsistent with the “polluter/user-pays” principal inherent to extended producer responsibility. For example, levies for lead-acid batteries provide over \$4 million annually to SEF, with only about \$1 million being paid out of the fund as incentives mainly to transport batteries from northern regions of the province to buyers of used lead-acid batteries. The remainder of the annual levy, of approximately \$3 million annually, funds other SEF activities, which do not necessarily involve product stewardship activities.

The move by the ministry to a “plan, do and check” model will require up-front planning with clear outcomes, performance standards and flexibility in service delivery and program management. There is evidence to suggest that WLAP has been unable to meet the resource requirements to undertake effective planning and to properly manage risks and monitor performance.

To some extent these resource demands can be offset with more efficient planning and monitoring systems and greater attention to defining roles and responsibilities. The current strategy of fostering public-private partnership and full industry stewardship can free-up some WLAP resources to better focus on “planning” and “checking.” Efforts on “checking” can also be reduced through requiring the implementation of effective industry reporting systems, which can complement Environmental Management Systems and relate auditing as key components of stewardship plans put forth by industry.

However, the existing funding model still needs to be revised to ensure the appropriate resources (staff expertise and adequate budget support) are provided. This will likely require a review of the current situation involving SEF funds from the tire and lead-acid battery levies and the product stewardship activities WLAP undertakes generally, including those undertaken by enforcement officers.

Options for funding of the WLAP product stewardship program include:

- Adoption of a flat levy on all products covered by product stewardship
- Adoption of product specific levies that reflect a recovery of WLAP activities relative to the product or stewardship agency responsible for the product
- Obtain the “unused” (surplus) portion of the existing tire and lead-acid battery levies from SEF and use it for oversight and planning activities
- Request that the Ministry of Water Land and Air Protection obtain the additional portion of sales tax that government collects on environmental levies on products charged by government and industry (e.g., paint) or on the ‘re-cycled’ product (e.g., amount of used oil refined and sold)
- Other revenue generating measures, such as a tax/levy on toxic/hazardous products
- A mixture of the above options

Irrespective of the way funds are raised, it is important to have a stable funding source that provides stability for the overall product stewardship program.

3.4 Check

The “check” component of the stewardship framework was supported by an assessment of the extent to which stewardship programs have adopted and implemented performance based management. In this regard the assessment focussed on “performance reporting” and “accountability and transparency.”

Performance Reporting

An ongoing challenge with respect to stewardship programs has been to identify clear criteria for success, to identify appropriate performance measures and to establish systems required to assess performance (on-going or periodic).

Baseline information with respect to the waste stream or volume of particular products is not always available or is imprecise. This gap poses a challenge when developing performance targets and in determining whether stewardship programs have had positive impacts (and quantifying that impact).

Given the focus on relying on industry to develop and manage initiatives to reduce the waste stream, and the general trend toward developing results-based approaches, an effective performance measurement and reporting system is critical. An effective performance reporting system would include:

- Clear goals and objectives with established linkages to WLAP and New Era strategic directions;
- Criteria for program success (what would you need to see to judge the program a success);
- Performance measures (what information would be needed to monitor program success);
- Supporting systems to operationalize performance measures; and
- Reporting requirements.

Accountability and Transparency

Accountability and transparency are supported in many different ways. A recent report by the Office of the Auditor-General (Canada) identified the following features of effective accountability mechanisms:

- Clear roles and responsibilities;
- Performance expectations that are balanced with capabilities;
- Well-defined management structure;
- Appropriate monitoring regime;
- Partner dispute resolution mechanisms;
- Specific evaluation provisions;
- Procedures to deal with non-performance;
- Appropriate audit regime;
- Public access to information; and
- Communication of information on key policies and decisions.

Currently, the stewardship programs do not address many of the mechanisms essential to supporting accountability and transparency. The lack of these mechanisms can result in issues that affect the ability of industry and government to effectively manage stewardship programs.

3.5 Conclusions and Recommendations

The assessment of the ministry's stewardship programming function supports several conclusions.

1. The strategic direction (goals, objectives and principles) that should guide stewardship programming are not sufficiently clear to guide planning.
2. The linkage between stewardship programming and broader New Era and WLAP strategic direction is not as strong as it should be
3. At the product level, objectives, targets and performance measures should be better articulated in order to support outcomes-based approaches.
4. The level of resources to support the "plan, do, check" framework needs to be reviewed and better aligned to New Era objectives in order to assure program continuity.
5. Any service delivery option other than the status quo will require additional resources to support the planning function at least in the short-term.
6. The selection of alternative approaches to service delivery will generally require that a product stewardship strategy or a broader waste management strategy be developed first.

Stewardship programs support New Era objectives and generally conform to many of the government's service delivery principles. However, action is required to better focus stewardship programming.

The recommended actions below are designed to support the development of a service delivery model that is outcome-based, accountable and transparent, and embraces the objective of continuous improvement.

1. The strategic direction (goals, objectives and principles) that should guide the stewardship program are not sufficiently clear to guide planning. Accordingly, higher-level direction, stewardship goals, objectives and principles, criteria for program success and the linkage between higher-level priorities and particular stewardship programs need to be articulated.
2. There is value in pursuing a disciplined, strategic approach to industry product stewardship rather than continue with an opportunistic/political, ad hoc approach that has characterized the development of these programs to date.
3. A detailed analysis of existing stewardship programs should be conducted to identify the extent to which constraints and incentive structures limit the capacity for continued improvement and internalization of costs at the product level.
4. Programs should be examined to identify the extent to which they create an ongoing incentive for the development of higher value products (or reducing the magnitude of the waste stream through careful management of product inputs or the development of new technologies and processes). There may be cases where the program incentive structure does not provide incentives for continuous improvement and cost minimization, which could limit the development of value-added businesses and economic development.
5. Adopt and further develop Environment Canada's Extended Producer Responsibility assessment tools to evaluate policy and program options for existing and new stewardship initiatives.

6. Recognizing the efficiency of the industry financed and operated product stewardship model, develop a plan to further move existing programs to full industry product stewardship and consider a phased expansion of this model to other product categories and waste streams. The plan should ensure a strong linkage between stewardship programs and the broader New Era and WLAP strategic direction.
7. Programs that do not incorporate ongoing market incentives for continuous improvement or create "incentives" that discourages innovation by industry, such as the proposed WDO model in Ontario, should not be encouraged.
8. Develop a strategy/framework to support performance management under appropriate accountability mechanisms with respect to industry reporting and government transparency. These accountability mechanisms should incorporate the features of effective accountability mechanisms proposed by the Office of the Auditor-General (Canada) in its recent report.
9. The stewardship framework should identify and formalize the factors that are essential to accountability for both government and clients and the role of audit and evaluation in supporting outcomes based approaches. In the interim, develop baselines, benchmarks and targets, along with criteria for success and measures to monitor progress towards objectives.
10. Regardless of the model chosen the development of any stewardship plan should involve increased cooperation and consultation with affected stakeholders.
11. Transparency (regular public disclosure) of performance and, when separately disclosed fees or charges are assessed to consumers, disclosure of program financial records should be fundamental to any stewardship program.
12. Irrespective of the way funds are raised to support WLAP's role in the stewardship programs, it is important to have a stable funding source that provides stability for government oversight of these programs.

Taken together, these recommendations are designed to enhance the ministry's performance, and strengthen accountability in the New Era. They are based on a brief assessment of stewardship programming in WLAP. As a consequence, they should be viewed as tentative and intended to promote discussion.

Appendices

Appendix 1 – New Era Guidance

Strategic Direction

Under the New Era, provincial agencies have undertaken a review of existing mandates. The Ministry of Water, Land and Air Protection (WLAP) was one of the first agencies to present the results of their review to Cabinet.⁹

Two key aspects of WLAP’s mandate involve overall goals of human health protection and environmental stewardship as summarized below:¹⁰

- Human Health Protection:** Protect human health and safety by ensuring clean and safe water, land and air.
- Environmental Stewardship:** Conserve and restore the natural biological diversity of landscapes, and terrestrial and aquatic ecosystems.

New Era Commitments

- The New Era commitment central to WLAP is to adopt a scientifically-based, principled approach to environmental management that ensures sustainability, accountability and responsibility

Examining the implications associated with adopting science-based, sustainable, accountable and responsible approaches can further refine this goal.

Science-based:	Best available science to guide environmental policy decisions.
Sustainable:	Balance of economic, social and environmental outcomes.
Accountable:	Reduced red tape; increased consistency, timeliness, and transparency, and measurable outcomes.
Responsible:	Define the required results then allow organizations to find ways to achieve them.

⁹ Minister Joyce Murray (October 3, 2001), *Ministry of Water, Land and Air Protection – Mandate Review*, (presentation to Open Cabinet); Ministry of Water, Land and Air Protection (January, 2002), Service Plan Summary 2002/03 – 2004/05. A third element to WLAP’s mandate is to “provide park and wildlife recreation services and opportunities to British Columbians and visitors.”

¹⁰ A third ministry goal is to “manage park and wildlife recreation services and opportunities for British Columbians and visitors.” This goal is not supported by WLAP’s product stewardship programs and for that reason has not been included in the text.

- With respect to the broader government aims, WLAP programs are expected to ensure that economic development:
 - Maintains highest environmental standards;
 - Respects the strong environmental concerns of British Columbians; and
 - Assures exemplary environmental stewardship.
- From the perspective of service delivery, WLAP envisions a shift from prescriptive, narrow and process oriented to service delivery approaches that are delivered in partnership with the private sector, outcomes based, coordinated, credible and accountable.

WLAP Operating Principles

From:	To:
<input type="checkbox"/> Ministry as sole protector of the environment	<input type="checkbox"/> Shared stewardship - sharing responsibility for the environment with others as appropriate and emphasizing a ministry staff culture of client service.
<input type="checkbox"/> Prescriptive approaches using prohibitions and controls	<input type="checkbox"/> Setting appropriate environmental standards, and ensuring standards are met. (Flexible, result- based standards with audits and enforcement.)
<input type="checkbox"/> Unclear accountability for environmental results	<input type="checkbox"/> Clear roles for ministry, industry and other stakeholders in the gathering and reporting of environmental information. (Defined responsibilities and targets.)
<input type="checkbox"/> Well developed but single focus ministry initiatives	<input type="checkbox"/> Integrated ministry program delivery based on best available science and an ecosystem-based approach. (Objective performance measures based on science and continuous improvement central to this shift.)
<input type="checkbox"/> Constraints on economic development	<input type="checkbox"/> Economic development based on clear, reasonable outcomes, with discretion as to how to achieve these outcomes (e.g., deregulated approaches).
<input type="checkbox"/> Proprietary information belonging to government	<input type="checkbox"/> Public information made available in a transparent, timely and accessible manner.

Appendix 2 - Stewardship Framework

Each of the components necessary to frame a product stewardship program are shown below, with details of each component and corresponding assessment criteria provided.

Stewardship Framework

Plan

1. Confirm Strategic Direction & Alignment

Review of Waste Management and Recycling Goals, Objectives and Principles

- Review of New Era goals and objectives
- Review of WLAP mandate, vision, goals and objectives
- Review of stewardship goals and objectives

2. Program Needs

Identification of Product Stewardship Priorities

- Impacts
- Likelihood and Magnitude of Impact (Risk)
- Benefits of Diversion and Capacity to Act

3. Strategies

Identification of strategic objectives and strategies, targets

- Objectives to address priorities
- Strategies to meet objectives
- Targets

Do

4. Effective and Efficient Service Delivery

Selection of Stewardship Framework and Models

- Policy and principles
- Assessment of costs, benefits and risks
- Review/approve industry stewardship proposals as required

5. Resources

Identification of funding options

- Review/approve as required
 - Revenues sources
 - Funding model

Check

6. Performance management

Effective implementation and continuous improvement

- Appropriate performance measures
- Ongoing monitoring and performance reporting
- Continuous improvement

Plan

1. Confirm Strategic Direction and Alignment

Mandate

The first element essential to product stewardship is ensuring the appropriateness of the stewardship agency/organization mandate to undertake and implement a stewardship program in general. This authority may be specific, by being set out in legislation, or generally derived from the organization's mandate. For the latter, there is a risk that the authority may be challenged, thereby delaying actions addressing stewardship responsibilities.

Review Goals, Objectives and Principles

Criteria	Key Issues
Program Rationale and Relevance Established and clearly communicated rationale and strategic intent for the initiative.	<ul style="list-style-type: none"><input type="checkbox"/> What are the New Era goals and objectives that are relevant to WLAP?<input type="checkbox"/> What are the mandate, mission, vision, goals and objectives of WLAP?<input type="checkbox"/> What are the overall goals and objectives for product stewardship?<input type="checkbox"/> Are goals and objectives clear at the government, ministry and stewardship program level?<input type="checkbox"/> Are stewardship goals and objectives consistent with higher level direction?<input type="checkbox"/> Is there a need to refine direction at any level given the current operating environment?<input type="checkbox"/> Are goals, objectives and targets for product stewardship clearly defined and understood?<ul style="list-style-type: none">• Are there aspects of the internal or external environment that affect the relevance of particular goals and objectives or the mandate, mission and vision of the ministry?• Do the stewardship programs complement rather than duplicate services and functions provided through other programs?<input type="checkbox"/> Is the strategic intent of product stewardship clearly defined and communicated to operational staff, and stakeholders.

Stewardship Principles

Clear and appropriate principles are needed to describe the nature and purpose of product stewardship. These must take into account public expectations and articulate what needs to be achieved over time to accomplish product stewardship aims and goals as the Ministry works towards its objectives.

Principles should link directly to the agency mandate, goals and objectives. They should be sufficiently general to provide broad guidance, but not so specific as to be at a product level. This allows for consideration of as broad a range of products that need to be considered for product stewardship programs. Objectives at the program (as opposed to product level) will tend to be strategic in nature.

Clearly established principles can then allow the development of strategies to achieve the specified strategic objectives.

Stewardship Principles

Principles	Description
Level playing field	<input type="checkbox"/> Brand owners are subject to the same stewardship responsibilities regardless of where they are located <input type="checkbox"/> Brand owners are treated fairly <input type="checkbox"/> Consideration is given to other stakeholders that may be affected by program design
Polluter/user pay	<input type="checkbox"/> Responsibility for management of wastes and compliance/enforcement is shifted away from the general taxpayer to producers and users whenever possible
Minimum government involvement	<input type="checkbox"/> Objectives are clear and industry is granted maximum flexibility to cost effectively achieve those goals
Outcomes-based	<input type="checkbox"/> Regulations, policies and programs are outcomes-based and promote innovation
Economic Development	<input type="checkbox"/> Stewardship programs are designed to support economic development in product sectors to help ensure markets for recycled products and internalization of stewardship costs
Sustainable	<input type="checkbox"/> Economic, social and environmental objectives are balanced
Product life-cycle	<input type="checkbox"/> Programs are designed to minimize future waste streams and do not shift, responsibilities or the problem to another producer, consumer group or jurisdiction
Program Flexibility	<input type="checkbox"/> Flexibility in program design and delivery is enabled
Stakeholder and industry involvement	<input type="checkbox"/> Stakeholder and actors in the product chain are involved to ensure cooperation and support for effective implementation <input type="checkbox"/> Stakeholders are consulted to ensure that the program goals and objectives, and design are appropriate
Accountable and Transparent	<input type="checkbox"/> Industry stewardship agencies are accountable to both government and consumers in terms of demonstrating environmental outcomes and fees or levies assessed to provide for stewardship programs <input type="checkbox"/> The process for developing and implementing the program is transparent
Continuous Improvement	<input type="checkbox"/> There are incentives for the producer to continue to internalize/reduce the costs of stewardship <input type="checkbox"/> There are incentives to enhance effectiveness and efficiency over time in government and industry

2. Program Needs

In implementing strategies to achieve product stewardship goals, there is a need to have a well-defined framework for deciding on the products that should be subject to the product stewardship program. The main considerations of such a framework must include the following:

- Nature of environmental/economic/health impacts – such as toxicity or disposal costs
- The risk and magnitude of the impacts
- Program goals and objectives

The end result of this evaluation framework will be the identification and prioritization of products or product streams that will be the focus of the product stewardship program.

Identify Product Stewardship Priorities – A: Assessment of Impacts, Risks, Costs, Benefits and Responsibilities

Criteria	Key Issues
Nature of Impact	<input type="checkbox"/> Is there a known negative environmental or economic impact associated with disposal of the product in the waste stream (Contains toxic or hazardous constituents)? <input type="checkbox"/> Is there a known negative health impact associated with disposal of the product in the waste stream (Contains constituents harmful to human health)? <input type="checkbox"/> Does the product pose a threat to the safe or efficient operation of a solid waste facility or the solid waste system?
Risk and Magnitude of Impact	<input type="checkbox"/> What is the likelihood that the environmental impact will occur? <input type="checkbox"/> What is the likelihood that the health impact will occur? <input type="checkbox"/> Over what geographical range does the impact(s) occur? <input type="checkbox"/> What is the magnitude of the impact (s)
Legal/Other Requirements	<input type="checkbox"/> Is safe disposal/recycling essential or required (banned by statute or rule from disposal in BC)?
Economic burden	<input type="checkbox"/> Does the product place economic burdens on the province or local government for end of life mgt. due to its quantity or nature in the existing integrated waste system?
Appropriate Responsibility/Accountability	Can a program be designed to transfer physical responsibility or costs of waste management to the producer/user?
Benefits of Diversion	<input type="checkbox"/> Would diversion from a municipal or other waste stream (through a stewardship initiative) represent a significant reduction in: <ul style="list-style-type: none"> • Volume of waste • Overall toxicity of waste • Disposal of recyclable materials • Energy consumption <input type="checkbox"/> Are benefits sustained and are they realized in the short-term or long-term? <ul style="list-style-type: none"> • What percentage (by weight/volume/toxicity, etc.) of the product is diverted through recycling? <input type="checkbox"/> What percentage of the recycled product eventually enters the waste stream?
Economic Development	<input type="checkbox"/> Can product stewardship improve economic performance or support diversification and value-added strategies in the business sector?
Linkage to other Government Objectives	Is recycling/management of materials essential to the achievement of other government objectives/targets (New Era, WLAP, and stewardship programs?)

Identify Product Stewardship Priorities– B: Assessment of Capacities and Requirements

Criteria	Key Issues
<p>Program Context</p> <p>Is a legal framework required?</p>	<p><input type="checkbox"/> Will industry participate in stewardship programming without a legal requirement?</p> <p><input type="checkbox"/> If not, are there laws that support the initiative?</p> <p><input type="checkbox"/> Will new/modified legislation/regulation be required?</p> <p><input type="checkbox"/> Are there existing laws (legislation, regulations, trade agreements, other agreements) that could negatively affect the initiative?</p>
<p>Private Sector Capacity/Readiness and Market Incentives</p> <p>Does the private sector have the capacity to develop and implement a stewardship program? Are market incentives sufficient to prompt action? If not, what is the “failure”?</p>	<p><input type="checkbox"/> Why has the private sector not developed a program on its own:</p> <ul style="list-style-type: none"> • Lack of industry concern? Commitment? Awareness? Leadership? • No market (low level of consumer demand/unwillingness to pay “premium” on recycled products)? • Unstable market which affects flow of material? • Product is designed or distributed in a way that makes it unprofitable to prepare it at the post-consumer stage for the secondary materials market? • No technology for recycling the material? • Inadequate capacity for recycling the material at the regional or provincial scale (poor infrastructure including transportation, collection depots, etc.)? • Low level of consumer awareness?
<p>Stakeholder Support</p> <p>Who are the stakeholders and do they support product stewardship?</p>	<p><input type="checkbox"/> Is there clear support from stakeholders? If not,</p> <ul style="list-style-type: none"> • Are there key consumer groups that should be involved or whose support is integral for the initiative to succeed? • Are there existing mechanisms for consultation with stakeholders? • Have stakeholders been consulted and have their views with respect to EPR been identified? • What level of involvement is appropriate for key stakeholder groups?
<p>Government Commitment/Capacity</p> <p>Is there sufficient government commitment and capacity to develop a stewardship initiative for the product?</p>	<p><input type="checkbox"/> Is government aware and supportive of the stewardship issue/initiative?</p> <p><input type="checkbox"/> What level of government involvement is required?</p> <p><input type="checkbox"/> Does government currently have the capacity (expertise/staff/financial resources) to address the issue?</p> <p><input type="checkbox"/> What would program-related incremental costs be to government and how will they be paid?</p>

3. Strategies

Upon the identification and prioritization of a product or product stream subject to product stewardship, there is a need for the adoption of specified goals that will guide the development and implementation of strategies. These goals can range from reduced toxicity or more efficient use of specific products to pursuit of alternative options such as relief for taxpayers from managing specific waste streams under the municipal waste management infrastructure.

Key considerations in establishing product stewardship goals and strategies include:

- Environmental/economic impacts – at the product life-cycle or transferred from one part of the product chain to another;

- Value of the residual product;
- Industry capacity/means to participate; and
- Available alternatives to the product or ingredient.

The establishment of strategies for the stewardship appropriate for a product would include the following considerations:

- Targets that need to be achieved over time for the program to be considered a success – such as a reduction in volume use, recycling levels, or moving to alternative products; and
- Education of consumers and producers.

Product Stewardship Objectives and Targets

Criteria	Questions
Primary Objectives	<ul style="list-style-type: none"> • What are the overarching objectives that would address priority needs identified?
Secondary Objectives	<ul style="list-style-type: none"> • What are the secondary objectives required to address capacity gaps or other requirements that must be met in order to attain overarching objectives
Strategies	<ul style="list-style-type: none"> • What are the particular courses of action that could be taken to attain objectives
Targets	<ul style="list-style-type: none"> • What conditions would indicate that the objectives have been attained or that adequate progress has been made towards them?

Note: All objectives and targets must be time bound and have an established monitoring plan.

Do

4. Effective and Efficient Service Delivery

The selection of the appropriate delivery model needs to consider the associated costs, benefits and risks specific to each option. Delivery options could include the following:

1. Voluntary industry program
2. Product stewardship, with private industry and government partnership; and
3. Government and industry covenant, with no legislation;
4. Government legislated, with public and private partnership operation;
5. Government legislated and industry operated;
6. Government legislated and government operated;

In selecting a delivery option, it is likely the public would expect the level of government oversight and regulation to be significantly greater for situations involving high health, environmental or financial risk. Where risk is low, the level of government oversight can be reduced.

For situations where the value of the product material is high (likely because of the opportunity to re-use portions of the spent product), there will be a higher incentive for voluntary industry involvement. The lower the value of the spent product, the less direct financial incentive industry will have to become involved. In some cases, industry may be motivated by a desire to avoid

prescriptive regulation by developing a voluntary initiative, as is the case with rechargeable NiCd batteries.

In situations where the value of the spent product is of negligible financial interest to industry, government intervention may be necessary. This could involve economic and legislative requirement or incentives for industry involvement.

Selection of Stewardship Framework and Models - Profile of Stewardship Options

Theme	Issues Profiles
Purpose	<ul style="list-style-type: none"> • Collective/public good or service being delivered • Multiple or single objectives
Stakeholders/ Clients/ Beneficiaries	<ul style="list-style-type: none"> • Type-interest group sector, region, etc. • How well defined • Already cooperating? If so, how well and dependant on what? • Number of groups? Number of companies or individuals in each stakeholder group? Multiple stakeholders? • Stakeholder support for option? (Administrative burden on stakeholders?) • Community involvement?
Scope of Services/ Functions	<ul style="list-style-type: none"> • Planning processes • Programs • Eligibility criteria
Funding	<ul style="list-style-type: none"> • Size (\$M) • Expected total expenditure per year and pattern over time • Required from government to achieve purpose? If so what % of total expenditures? • If so, are one or more earmarked taxes on beneficiaries a possibility? If so, what % of expenditures would this cover? • Are CRF/SEF funds required? If so, what %? • Short term, transitional or long-term funding required? • Lump-sum, up front injection OK or recurrent funding needed? • Federal government possibilities Provincial government priority? Local government possibility? Private funds? • What are the sources of funds? • Included in consolidated government financial results?
Governance Structure	<ul style="list-style-type: none"> • Establishment basis (Act regulation, trust deed) • Control structure (type, # of members, length of term) • Management Structure • Advisory process • Flexibility to amend structure? (If flexibility, who can propose changes? Who needs to agree with changes)
Cost of Operation	<ul style="list-style-type: none"> • Program costs • Administrative costs
Accountability	<ul style="list-style-type: none"> • Strength of public accountability • Who is responsible for establishment and management of performance management system? • Is there a balance of ongoing monitoring audits and evaluations? • Is there a full sequence of accountability and reporting from delivery agents through to stakeholders? • What is the reporting frequency? • What reports are required and to whom (stakeholders, government)? • What provisions for wind-up and disbursement of funds if beneficiaries or public are unhappy? • Are public funds protected?

Effective and Efficient Delivery Models - Assessment of Stewardship Options

Criteria	Questions
Program Context Is there a legal framework to support the initiative?	<input type="checkbox"/> Are there laws that support the initiative? <input type="checkbox"/> Will new/modified legislation/regulation be required? <input type="checkbox"/> Are there existing laws (legislation, regulations, trade agreements, other agreements) that could affect the initiative?
Program Purpose Clear and explicit identification of the primary beneficiaries.	<input type="checkbox"/> What are the key issues driving the option? <input type="checkbox"/> Are issues related specifically to the processes used to develop a product (to encourage the use of recyclable materials)? <input type="checkbox"/> Is it to reduce waste (i.e., focussing on removing a product or products from the waste stream)? <input type="checkbox"/> Is the goal to make the consumer pay or for industry to internalize the costs of recycling? <input type="checkbox"/> Is the focus on sustainable development (economic, environmental and social goals, with a focus on broad systems rather than particular products)? <input type="checkbox"/> Are their economic development goals (establishment of value-added producers, reduction in export of raw material)?
Program Alignment Established and clearly communicated rationale and strategic intent.	<input type="checkbox"/> Are goals, objectives and targets clearly defined? <input type="checkbox"/> Are established goals and objectives consistent (in alignment) with the New Era, WLAP and stewardship programs? <input type="checkbox"/> Are there objectives that are potentially in conflict with each other? What is the potential impact?
Program Compatibility Program is compatible with, and complements, existing infrastructure and programs.	<input type="checkbox"/> Does the program complement other programs serving identified beneficiaries? <input type="checkbox"/> Is there any duplication of services and functions resulting from the program? <input type="checkbox"/> What is unique about the program (What does it do that other programs are not already doing?) <input type="checkbox"/> Is there another program or program design that would be better? <input type="checkbox"/> Does the program meet an identified need? How would beneficiaries be affected if the program did not exist?
Program Reach Clear and explicit identification of the primary beneficiaries.	<input type="checkbox"/> Who are the primary beneficiaries? (i.e., who will be the direct users of the services?) <input type="checkbox"/> Who are the secondary beneficiaries? (i.e., who benefits as a result of the services, and who are the stakeholders?)
Program Benefits Program impacts to primary beneficiaries are specified (expected outcomes).	<input type="checkbox"/> What are the expected program outcomes? <input type="checkbox"/> How are beneficiaries affected? (i.e., What is the relative distribution of benefits among beneficiaries?) <input type="checkbox"/> What are the key uncertainties in the model of change that underlies the program design?
Program Support A. Who are the stakeholders and how should they be involved in the initiative? B. What are the views of stakeholders?	<input type="checkbox"/> Are their key consumer groups that need to be involved or whose support is integral for the initiative to succeed? <input type="checkbox"/> What level of involvement is appropriate for key stakeholder groups? <input type="checkbox"/> Are there existing mechanisms for consultation with stakeholders? <input type="checkbox"/> Have stakeholders been consulted and have their views with respect to EPR been identified?
Required Capacities A. Marketing, education and commercialization B. Is there adequate storage/intake capacity to handle the product?	<input type="checkbox"/> To what extent do the objectives depend upon enhanced levels of marketing, education or R&D to improve processing capacity/diversity and consumer awareness of new products (derived in whole or in part from recycled material)? <input type="checkbox"/> If collection targets are met, will there be adequate capacity on the intake side?

Effective and Efficient Delivery Models - Assessment of Stewardship Options (continued)

Criteria	Questions
<input type="checkbox"/> What are the specific capacities of key groups involved in the provision of services? <input type="checkbox"/> How will existing capacities affect service delivery?	<input type="checkbox"/> Are there many groups involved? <input type="checkbox"/> What is the economic condition of the chain or parts of the chain <input type="checkbox"/> Are there segments of the chain that have different levels of responsibility and different potential strategies for enhancing EPR <input type="checkbox"/> Where are these members located and how cohesive are they? (Is there an existing association?) <input type="checkbox"/> Are there mutually beneficial goals between industry and government with respect to stewardship? <input type="checkbox"/> Who are the secondary beneficiaries? (i.e., who benefits as a result of the services, and who are the stakeholders?)
<hr/>	
Program Implementation <input type="checkbox"/> Program implementation plans are developed as part of program design.	<input type="checkbox"/> Are responsibilities and lines of accountability defined? <input type="checkbox"/> Are the capabilities (capacities) of key partners and staff sufficient? (I.e., are there potential roadblocks, sources of conflict, bottlenecks, etc. that should be considered?) <input type="checkbox"/> Are measures in place to ensure that implementing partners and staff know and understand the program purpose and have the capacity to deliver the program? <input type="checkbox"/> Are critical relationships within the delivery structure and host organization defined and sufficient for program implementation? <input type="checkbox"/> Are key milestones defined and realistic? <input type="checkbox"/> Are dedicated resources sufficient for program implementation? <input type="checkbox"/> Are program risks/potential benefits/public concern sufficient to warrant a pilot stage for the program?
<hr/>	
Program Leverage <input type="checkbox"/> Program serves as a catalyst or provides positive leverage.	<input type="checkbox"/> Does the program motivate beneficiaries and communities to develop internal capacities? <input type="checkbox"/> Does the program provide positive leverage with other programs (or is there destructive interference)? <input type="checkbox"/> Does the program (and the ones that it interacts with) act as incentives for the right kind of behavior (or is dysfunctional behavior motivated)? <input type="checkbox"/> Is competition encouraged as a result of the program (or will monopolies result)?
<hr/>	
Program Flexibility <input type="checkbox"/> There is sufficient flexibility to allow program managers to adapt to internal and external changes.	<input type="checkbox"/> Have key drivers in the internal and external environment been identified along with their potential impact on the program? <input type="checkbox"/> Has the program design adequately considered potential responses to changes in the internal and external environment? <input type="checkbox"/> Is the need for flexibility adequately balanced against the need for accountability? <input type="checkbox"/> What are the critical elements of the program's design? <input type="checkbox"/> Are plans sufficient to ensure elements critical to program success will be maintained?

Effective and Efficient Delivery Models - Assessment of Stewardship Options (continued)

Criteria	Questions
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Program Cost Effectiveness and Efficiency	<input type="checkbox"/> Program effectiveness and efficiency is optimized and considers distributional benefits relative aggregated social welfare.	<input type="checkbox"/> What are the anticipated total program costs per unit of benefit for each of the alternative considered? <input type="checkbox"/> Are there options to reduce costs (consider alternative approaches to program delivery, administrative support functions, organizational structures, alternative mixes of investments/services) <input type="checkbox"/> Considering the net benefit of the program to BC (cost-benefit analysis) are there options to improve the program's social efficiency? What is the relative balance of benefits to beneficiaries and society as a whole?
Competition	<input type="checkbox"/> Is there a need to ensure that there is competition with respect to recycling activities?	<input type="checkbox"/> Are there monopoly risks? (Is there a risk that the cost of achieving targets is likely to increase over time due to the lack of competition within the sector/product?)
Program Performance Monitoring	<input type="checkbox"/> Performance monitoring meets both accountability and decision-making needs.	<input type="checkbox"/> By what standards will the program be judged as a success? <input type="checkbox"/> What are the critical requirements of the performance measurement system for the program? <input type="checkbox"/> How will these critical requirements be met? <input type="checkbox"/> Are there important risks or uncertainties associated with the performance measurement system? <input type="checkbox"/> Have performance-reporting requirements been specified and accounted for?
Program Cessation	<input type="checkbox"/> Indicators of program success/failure have been defined and conditions specified which would justify program termination.	<input type="checkbox"/> Have benchmarks (success and failure) been established for the program? <input type="checkbox"/> Do these benchmarks have the support of stakeholders and partners? <input type="checkbox"/> Has the expected program term been defined and are there clear criteria for program termination?
Financial Feasibility	<input type="checkbox"/> Total (life-cycle) program costs are considered.	<input type="checkbox"/> What are the total anticipated annual budget requirements for the program? <input type="checkbox"/> What future funding obligations result from program investments? <input type="checkbox"/> What potential is there for generating revenue through the program? <input type="checkbox"/> If revenues can be generated what is the total expected return?

5. Resources

The appropriate source and level of funding for the ministry and business to adequately carry out their stewardship responsibilities will need to be addressed to ensure the success of the stewardship program in general and that of individual product stewardship programs.

Funding options can range from:

- government managed levies through the tax system,
- deposit/refund systems,
- industry managed revenue source which:
 - (a) are separately disclosed on sales receipts, or
 - (b) internalized within product prices.
- Cost internalized by individual brand-owners out of profit margins.

When a levy is linked directly to a product stewardship program, accountability issues may arise when the amount of the levy charged exceeds the costs of the stewardship program. Many

jurisdictions have dealt with this issue by adopting a levy that finances the overall stewardship program. Others have looked to the provincial sales tax charged on a product as the source of funding for their stewardship initiatives.

Different funding options may be appropriate for different products. In any case it is critical that the costs, benefits and unintended consequences of adopting a particular option are assessed. The linkage between the funding option and stewardship costs should be transparent to ensure accountability. In this regard, there have been cases where program funding exceeds the overall costs of the stewardship program such as for tires and batteries programs. This will inevitably affect public and stakeholder support for the program and potentially impact program success.

Irrespective of the way the funds are raised, it is important to have a stable funding source that provides stability for the operation of the overall stewardship program. This can be the use of a special account, ideally dedicated solely to stewardship efforts, funded through levies on products that are subject to the stewardship program.

To sustain a credible stewardship program, irrespective of the funding source, the costs born by the consumer (revenue source) should not unreasonably exceed the cost of the stewardship program. It is also critical that a funding source not result in unintended consequences, e.g., excessive deposit fees on a particular product could lead to security issues at collection/consolidation facilities (i.e. theft of that product).

Funding Options

Criteria	Questions
Program Funding	<input type="checkbox"/> How will the program be funded?
<input type="checkbox"/> Total program costs are considered and risks managed.	<input type="checkbox"/> What are the total anticipated annual budget requirements for the program?
	<input type="checkbox"/> Are there important risks or uncertainties associated with the performance measurement system?
	<input type="checkbox"/> What potential is there for generating revenue through the program (e.g., will businesses be willing to pay for the service)?

Check

6. Performance Management

Having an appropriate monitoring framework in place is essential for ensuring stewardship responsibilities are satisfactorily discharged. The monitoring activities provide feedback to policy makers on the level of compliance and serve as a “motivator” to encourage compliance.

The monitoring activities can be managed and undertaken by industry or government. In situations where industry undertakes the majority of compliance monitoring, some level of government enforcement may be needed to ensure compliance monitoring through industry “self-policing” and identification of “free riders” under the system.

Effective Implementation of Continuous Improvement

Criteria	Questions
Program Performance Monitoring	<input type="checkbox"/> What are the critical requirements of the performance measurement system for the program?
<input type="checkbox"/> Performance monitoring meets both accountability and decision-making needs.	<input type="checkbox"/> How will these critical requirements be met?
	<input type="checkbox"/> Are there important risks or uncertainties associated with the performance measurement system?
	<input type="checkbox"/> Have performance-reporting requirements been specified and accounted for?
Audit and Evaluation	<input type="checkbox"/> Have benchmarks (success and failure) been established for the program?
<input type="checkbox"/> Performance assessment activities are specified to manage risks, ensure accountability and support program improvement	<input type="checkbox"/> Have audit and evaluation activities been specified to ensure that accountability and performance assessment requirements have been met?
	<input type="checkbox"/> Are performance assessment requirements defined and planned to support stewardship planning?

Appendix 3 – Tools of product stewardship

Product stewardship has been fostered through a variety of tools. These have included:

- **Deposit-refund** schemes where consumers pay a deposit on a product and the deposit is paid back once a product is returned. The most common example of this type of initiative is the deposit paid on pop bottles.
- **Fees/levies** charged to consumers or manufacturers by a stewardship agency are often used to cover the cost of managing the product waste stream. These eco-fees or eco-levies have been applied to many different product types including paint, batteries, and tires. In some cases, eco-fees are used to encourage the consumption of more environmentally benign or recyclable materials. (In this latter case the fee/tax might accomplish the same objectives as a product ban.) Tools in this category could include both government tax measures and measures adopted by brand-owners. An example of a government measure is the tire levy that supports the FIRST Program. Eco-fees set and charged by brand-owners to cover the cost of meeting their product stewardship obligations are an example of a non-governmental funding mechanism.
- **Take-back** programs require producers to assume responsibility for products and packaging at the end of their useful lives.
- **Eco-labeling** allows producers to use a particular eco-label if their products meet particular criteria established by third party assessment bodies, for example
- **Quotas** require particular recycling rates or require a specific recycled content target. Recycled content requirements for newsprint in some states in the United States is a good example of this tool.
- **Product stewardship initiatives** provide broader direction to those involved in producing, selling or consuming products. These initiatives tend to be broader in scope and, unlike other tools, provide producers and others with greater flexibility in designing an approach to managing products throughout their lifecycle.

Appendix 4 - Jurisdictional Review: Stewardship Programs

This appendix provides a brief overview of recent developments and approaches to stewardship and waste management in selected jurisdictions. Jurisdictions identified for review included:

- Manitoba
- Nova Scotia
- Ontario
- Belgium
- New South Wales
- Minnesota
- Taiwan

Manitoba – Draft Household Hazardous Waste Stewardship Regulation

- The draft regulation followed two years of consultations with stakeholders/.
- The proposed regulation would require that manufacturers and retailers of products that become household hazardous waste have a suitable plan for managing their disposal.
- The regulation is modeled on the existing regulations governing the collection and disposal of used oil and oil filters.
- There are 11 categories of HHW that fall under the regulation including:
 - Batteries (including lead-acid);
 - Consumer paint products;
 - Corrosives ;
 - Liquid fuels;
 - Domestic pesticides;
 - Pharmaceuticals;
 - Pressurized-flammable gas containers;
 - Solvent and flammable liquids;
 - Swimming pool chemicals;
 - Consumer electrical and electronic equipment; and
 - Products containing mercury.
- The regulation calls for a one-stop approach to HHW collection with several products collected through one depot.
- Funding of stewardship programs is provided through eco-levies charged to the consumer or through costs paid by the steward.
- Manufacturers/sellers of specified products will be required to provide, or subscribe to, a product stewardship program meeting specified government criteria.
- Stewardship plans must meet with government approval and will be available to the public.
- Each stewardship program will be required to prepare an annual report including audited financial statements and performance measures.
- Reporting requirements are moved as high up the distribution chain as possible to reduce the administrative burden on retailers.
- Monitoring and auditing of stewards will be conducted by the relevant stewardship agency for the most part.

- Manitoba Conservation will monitor the stewards and enforce the regulation but it is expected that this will not be an onerous task.

Nova Scotia – Resource Recovery Fund Board (RRFB) (1996)

- The Resource Recovery Fund was established in 1990 to provide financial support for waste management practices and encourage recycling and protection of the environment.
- In 1995-96 the province developed a Solid Waste-Resource Management Strategy that called for the transference of the administration of the fund to the private sector. The private sector also assumed responsibility for managing a substantial portion of the Solid Waste Resource Management Regulations.
- RRFB is a private, not for profit entity that is accountable to the Minister of Environment.
- There is a 7 to 15 member Board of Directors (three members are appointed by the Minister of Environment and one of these three acts as Chair).
- The RRFB operates province-wide and is mandated to:
 - Fund municipal or regional diversion programs;
 - Develop and operate a deposit/refund system for beverage containers;
 - Develop and implement industry stewardship programs;
 - Develop education and awareness of reduction, reuse, recycling and composting; and
 - Promote the development of value-added manufacturing in the province.
- The activities of the Board are funded through user fees:
 - 10% deposit paid by consumer on each non-liquor beverage container (consumer gets a 5 cent refund for returning the bottle);
 - 20 cent deposit paid on liquor containers – a 10 cent refund is paid; and
 - \$3 levy per tire paid to operate tire recycling program.
- There has been some concern that progress in developing stewardship programs has been slow and that municipal depots are now competing with the Enviro-depots established by the RRFB.

Ontario – Waste Diversion Ontario

- Initially established as a voluntary waste diversion organization in November 1999.
- The proposed Bill 90 - Waste Diversion Act – would establish the WDO as private sector not for profit corporation financed jointly by industry (to a maximum of 50% of net system costs) and taxpayers (for all remaining costs).
- WDO is managed by a Board of Directors from industry and municipalities
- WDO will pay no more than 50% of municipal Blue Boxes.
- Minister of Environment may require WDO to develop a waste diversion program for materials prescribed by regulation as a designated waste.
- Diversion programs must be developed in cooperation with an industry-funded organization that is incorporated by WDO.
- The industry funding organization can designate persons as stewards (people with a commercial connection to the designated waste or to a product from which the waste is derived).
- Stewards are required to pay fees to industry funding organizations (the fees are prescribed by the organization).
- Funds are held in trust by the organization to pay for the waste diversion program and for other additional costs related to the Bill (admin, etc.).
- Alternative plans can be proposed and if approved plan participants are exempted from the obligation to pay stewardship fees.
- WDO is required to prepare annual reports, including annual audits.
- The annual reports must be made available to the public.
- Bill 90 did not pass during the latest session of the Ontario Legislature and there remains significant opposition to the Bill from industry and ENGOs.

Belgium - Federal Level - Environment Tax Law (1994)

- Eco-taxes charged to physical or legal entities putting products on the market. Law covers packaging for the following products:
 - Beverage containers;
 - Disposable products (razors and cameras);
 - Batteries;
 - Industrial packaging containing harmful substances;
 - Pesticides; and
 - Paper/cardboard.
- Eco-tax can be reduced or eliminated if assurance is provided that waste is being managed through other means (reuse quotas must be met).
- Wholesalers identify themselves to the Ministry of Finance and receive a registration number that applies to products covered under the law.
- Obligation may be transferred to producers and importers.

Belgium – Regional Level - Interregional Co-operation Agreement (1997)

- Requirements for a General Prevention Plan.
- Industrial sectors have established FOST PLUS – a consortium to organize the collection and recycling of household waste.
- Funding – FOST PLUS is funded from contributions derived by the grant use of the “Green Dot” symbol – Contracts in 1996 represented approximately 2/3 of sales packaging on the market – tariff rate is based on cost of collection, sorting and recycling.
- Applies to all household and industrial waste.
- Requires that consumers (with respect to industrial packaging waste), and persons who have packed products for sale in Belgium or placed such products on the market are responsible for recovering or recycling industrial packaging waste.
- Those generating a minimum of 10 tons of waste must submit a “General Prevention Plan.”
- Plans set our strategy for :
 - Increasing share of re-usable packaging;
 - Increasing share of recyclable packaging waste;
 - Improve the degree to which packaging can be reused and recycled by managing inputs
 - Reduce harmfulness of packaging waste; and
 - Reduce quantities of non-reusable/non-recyclable packaging.
- The Interregional Commission for Packaging is a legal institution and is responsible for:
 - Agreeing on General Prevention Plans;
 - Granting agreements/licenses to consortiums assuming packaging waste – take-back obligations;
 - Setting level of financial guarantees for such organizations; and
 - Ensuring that those liable have fulfilled obligations.

New South Wales – Waste Avoidance and Recovery Act (2001)

- Legislation puts in place a state agency Resource New South Wales (Resource NSW) in place of NSW Waste Boards and the State Waste Advisory Council. (One of the criticisms of the Waste Board approach was that it was difficult to achieve coordination between regions and that capacities/capabilities of boards varied.
- Resource NSW is responsible for developing statement strategies and programs.
- The agency can delegate powers (except for the power of delegation) to other agencies.
- Local government has been critical of the new act because they feel that the proposed extended producer responsibility schemes do not adequately target waste producers and that the penalties for non-compliance that once existed have been much reduced or eliminated.
- Emphasis is on voluntary stewardship initiatives – government establishes priorities and industry develops stewardship model/approach.

- Legislative framework allows for mandatory approaches (prescriptive regulations) if progress is too slow or targets are not met – intention is to promote stewardship and bring regulations into effect only when stewardship models are not working.
- An intention is to avoid government intervention when private sector approaches are already in place and working.
- Ontario’s WDO, BC’s HHW programs, Japan’s Specified Home Appliance Recycling Law, and the US’s Rechargeable Battery Recycling Corporation were reviewed in developing the legislation.

Minnesota – Stewardship Programs (Minnesota Office of Environmental Assistance)

- Minnesota’s HHW was funded by government and taxpayers.
- In 1999, a stewardship policy was adopted that requires industry to assume responsibility for recovering and recycling products.
- The OEA is responsible for identifying priority products and makes recommendations to the legislature every second year which then establishes which products are priorities (consultation with manufacturers is an integral aspects of determining priorities).
- Manufacturers, those who sell and those who use priority products are encouraged to set recycling and recovery goals and timelines.
- Manufacturers are then asked to monitor progress against goals – there is a requirement for biennial reporting to the OEA (industry associations may report on behalf of a group of manufacturers/sellers).
- Government taxes/funds freed up through stewardship initiatives would be used to support other waste management initiatives.
- Government has assumed a role of supporting stewardship through policy and infrastructure support and monitoring, assistance with marketing and research to support product design and recycling/recovery technologies and processes.
- Goal is to get manufacturers and retailers to internalize the costs of product stewardship.
- Priorities include electronic products containing cathode ray tubes, paint, and carpets.
- Minnesota has placed significant emphasis on the economics of recycling and has a clear mandate for supporting the development of an economically viable recycling/waste resource recovery sector. The stewardship policy was supported by an extensive review of the economic and environmental profile of the states value-added recycling industry.

Taiwan – The Waste Disposal Act (1997)The Four-in-One Recycling Program

- Designated manufacturers pay fees to a recycling fund that is managed by eight councils.
- Fees are paid by responsible parties to a designated, bank-managed fund.
- A Review Committee of Recycling Fee Rates sets fees.
- Each council is responsible for different aspects of the recycling program including:
 - Containers;
 - Vehicles;
 - Tires;
 - Lubricant oil;
 - Lead-acid batteries;
 - Agricultural pesticide containers;
 - Electronic appliances; and
 - Computers.

Councils consist of members selected from relevant government agencies, academia and non-governmental agencies appointed by the EPA.

Appendix 5 – Stewardship Programming in Relation to Principles

Principles	Description	Rationale – Relation to New Era	Assessment of Stewardship Programs
Level playing field	<ul style="list-style-type: none"> <input type="checkbox"/> Brand owners are subject to the same stewardship responsibilities regardless of where they are located <input type="checkbox"/> Brand owners are treated fairly 	<ul style="list-style-type: none"> <input type="checkbox"/> Supports goal of accountability by enhancing consistency of standards and regulations 	<ul style="list-style-type: none"> <input type="checkbox"/> Regulations and legal basis for programs vary across products. Some product groups feel that they are not given the same opportunities as others.
Polluter pay	<ul style="list-style-type: none"> <input type="checkbox"/> Responsibility for management of wastes and compliance/enforcement is shifted away from the general taxpayer to producers and users whenever possible 	<ul style="list-style-type: none"> <input type="checkbox"/> No clear linkage from mandate review but there is a link to principles and objectives outlined in the letter to the Minister <input type="checkbox"/> May want to aim for internalization of costs since this principle would act as an incentive to place greater focus on R&D and other measures to reduce product development costs or to reduce the risk associated with the product waste stream 	<ul style="list-style-type: none"> <input type="checkbox"/> Polluter pay has been a consistent approach taken to stewardship programs <input type="checkbox"/> Some question as to whether there should be greater emphasis on initiatives that encourage producers to internalize costs
Minimum government involvement	<ul style="list-style-type: none"> <input type="checkbox"/> Objectives are clear and industry is granted maximum flexibility to cost effectively achieve those goals 	<ul style="list-style-type: none"> <input type="checkbox"/> Supports aim of shared stewardship, results-based approaches, defined responsibilities and targets 	<ul style="list-style-type: none"> <input type="checkbox"/> Stewardship programs occur along a continuum with earlier ones relying on government support for program delivery, with later programs relying almost exclusively on industry for delivery <input type="checkbox"/> Clients have identified the need for more streamlining, reduced paperwork and prescriptive regulation.
Outcomes-based	<ul style="list-style-type: none"> <input type="checkbox"/> Regulations, policies and programs are outcomes-based and promote innovation 	<ul style="list-style-type: none"> <input type="checkbox"/> Support development of results-based approaches and, continuous improvement 	<ul style="list-style-type: none"> <input type="checkbox"/> Effort has been to make all stewardship programs outcomes-based <input type="checkbox"/> At a broader level the linkages between product objectives and higher level ones are weak <input type="checkbox"/> In some cases, product stewardship objectives have not been established. <input type="checkbox"/> Often objectives are not clearly articulated

Principles	Description	Rationale – Relation to New Era	Assessment of Stewardship Programs
Economic Development	<input type="checkbox"/> Stewardship programs are designed to support economic development in product sectors to help ensure markets for recycled products and internalization of stewardship costs	<input type="checkbox"/> Recognizes governments economic development objectives and the view that internalization of costs will be more likely is higher value products are created through recycling	<input type="checkbox"/> Economic objectives have not been clearly specified for stewardship programs <input type="checkbox"/> Need to determine extent to which product marketing, higher value-added processing, and R&D is required to help move product stewardship to industry owned and financed models (preferably by internalizing costs)
Sustainable	<input type="checkbox"/> Economic, social and environmental objectives are balanced	<input type="checkbox"/> Reflects overarching New Era goal that guides WLAP	<input type="checkbox"/> There is not clear sustainability framework used to identify critical issues and identify program priorities <input type="checkbox"/> Principle should focus on governance capacity as well
Product life-cycle	<input type="checkbox"/> Programs are designed to minimize future waste streams and do not shift, responsibilities or the problem to another producer, consumer group or jurisdiction	<input type="checkbox"/> BC is considered a leader in stewardship programming. This principle is designed to promote exemplary stewardship and to minimize the need for future program intervention	<input type="checkbox"/> In some cases, product, stewardship program lead to the creation of a secondary waste stream. The impacts of this secondary waste stream are not usually considered in program development
Program Flexibility	<input type="checkbox"/> Flexibility in program design and delivery is enabled	<input type="checkbox"/> Supports commitment to approaches that are responsible and principle of setting clear targets and allowing industry flexibility with respect to the approach taken to meet objectives	<input type="checkbox"/> Some product models remain relatively inflexible (tires and batteries?) <input type="checkbox"/> Generally, regulations and WLAP approach has fostered approaches to addressing general objectives
Stakeholder and industry involvement	<input type="checkbox"/> Stakeholder and actors in the product chain are involved to ensure cooperation and support effective implementation <input type="checkbox"/> Stakeholders are consulted to ensure that the program goals and objectives, and design are appropriate	<input type="checkbox"/> Supports shared stewardship, economic development, transparency and responsibility	<input type="checkbox"/> Level of coordination and consultation with stakeholders varies and tends to occur informally
Accountable and Transparent	<input type="checkbox"/> Industry stewardship agencies are accountable to both government and consumers in terms of demonstrating environmental outcomes and fees or levies assessed by the industry should be allocated to program operations <input type="checkbox"/> The process for developing and implementing the program is transparent	<input type="checkbox"/> Shared stewardship, defined responsibilities, transparency and accessibility are supported	<input type="checkbox"/> Level of accountability with respect to product stewardship programs has varied. In some cases accountability has been weak. In other cases, (e.g., Encorp) accountability has been stronger

Principles	Description	Rationale – Relation to New Era	Assessment of Stewardship Programs
Continuous Improvement	<ul style="list-style-type: none"> <input type="checkbox"/> There are incentives for the producer to continue to internalize/reduce the costs of stewardship <input type="checkbox"/> There are incentives to enhance effectiveness and efficiency over time in government and industry 	<ul style="list-style-type: none"> <input type="checkbox"/> Not explicit in the Mandate Review presentation or in the New Era documentation generally <input type="checkbox"/> The principle is proposed to capture the spirit of outcomes based approaches, the desire for continued innovation and the recognition that WLAP approaches to stewardship are expected to support progress towards fully industry stewardship. 	<ul style="list-style-type: none"> <input type="checkbox"/> Some stewardship models enable industry associations to charge levies and to advance user pay approaches. By externalizing costs, there may be less incentive to improve performance over time <input type="checkbox"/> Government may need to more fully analyze the life-cycle of particular products (i.e., product to product or product to product to product) <input type="checkbox"/> Generally, performance measurement , audit and evaluation have not been used effectively to support program planning, accountability and improvement