



## TESTIMONY OF RECYCLE HAWAII on AGENDA ITEM 6a~EPR

Submitted by Kristine Kubat, Executive Director

In order to provide the dedicated and stable funding needed to achieve its zero waste goals, Hawaii County must align with the growing national movement to hold producers and brand owners accountable for the waste their business models generate. Known as extended producer responsibility, or EPR, this movement promotes a variety of approaches aimed at reducing the environmental impacts of consumerism and transferring some portion of waste handling costs from municipalities to producers. The justification for this is simple: Since manufacturers and brand owners control how their products are designed, made, and packaged, they alone control whether or not these items and materials can be safely managed when they are no longer useful.

The ways in which producers are obligated to take responsibility can be categorized as follows:

- 1) **informative**, meaning producers have a duty to disclose relevant information related to the methods and materials they use;
- 2) **liability**, meaning producers must be held accountable for the environmental and social impacts the manufacture and sale of their products create;
- 3) **economic**, meaning producers must provide funding for EPR programs; and
- 4) **physical**, meaning producers should be involved in the actual handling of materials.

While there is broad agreement among EPR advocates to hold producers accountable with regards to informative, liability and economic responsibilities, there is a growing debate over how much physical control they should have over discarded materials.

Within the EPR movement two schools of thought have emerged; one favors mechanisms that reimburse municipalities, and the other puts producers in charge of collecting and handling waste themselves. Reimbursement strategies fall under what is known as the product stewardship model of EPR.

Given Hawaii Island's unique geography and import-dependent economy, establishing a reimbursement fund that allows the county to enter into cost sharing relationships with producers while creating incentives for them to reduce waste is the best approach. It is consistent with the "polluter pays" principal introduced in the mid-1990s by Swedish environmental economist Thomas Lindhqvist, and it preserves the county's right to decide what form its reduction, reuse and recycling programs will take. Retaining this control is essential if the county is to maximize the waste-to-wealth potential of these programs.

This past legislative session, two EPR bills representing these different approaches were introduced—HB 1316, by Rep. Nicole Lowen, and SB1419, by Senator Laura Acasio. Reviewing the extensive testimony in opposition to HB1316 provides the following insights:

- 1) There is unsurmountable opposition from local businesses that would qualify as producers under its provisions.
- 2) There is a compelling need to exempt the producers of medical supplies.
- 3) Testimony in opposition from the top producers of FMCGs was notably absent.

- 4) Enforcing the bill would be costly. DOH estimated that it would cost \$750k in the first year.

As a result of this opposition, the bill was reduced to a call for a study of EPR and its impacts; the revised version of HB1316 was not scheduled for all necessary hearings.

Recycle Hawaii views a study on EPR as a step backward. We do not go along with the position that the Plastic Source Reduction Working Group, which recommended that a study on EPR be undertaken, has the authority to compel that outcome. Anyone familiar with economics knows that such a study will be costly and take a great deal of time only to result in an inconclusive analysis. There are too many unknowns and too many variables. We must move forward with the understanding that something must be done.

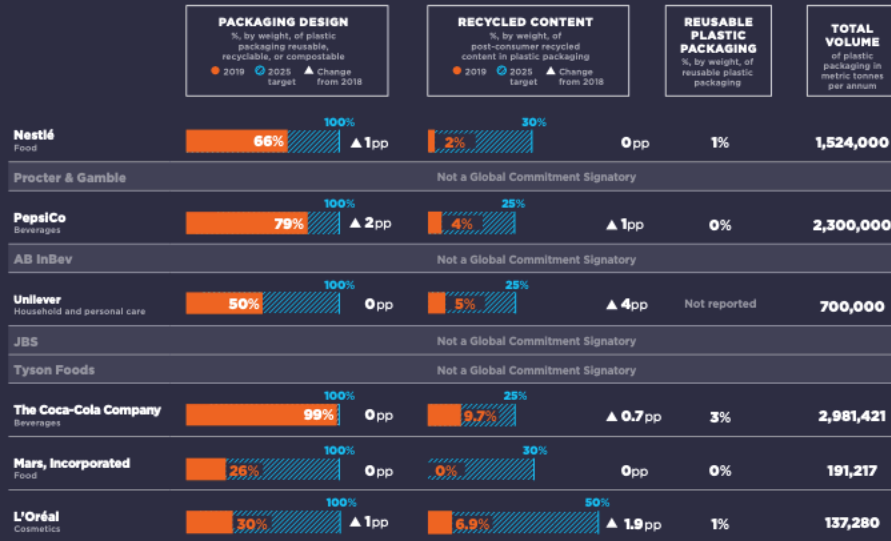
Recycle Hawaii recommends taking small, preliminary steps via legislation next session. What's needed is a revamping of the infrastructure used to collect and process discarded items. We don't need every last business in Hawaii to be subject to EPR legislation to make this happen. We only need the top manufacturers of FMCGs.

Of the top 20 global manufacturers of FMCGs, 16 are signatories to the Global Commitment to a New Plastics Economy sponsored by the United Nations Environmental Program and the Ellen MacArthur Foundation.



### FIGURE 3 Progress by FMCGs (1): top 10 FMCG companies

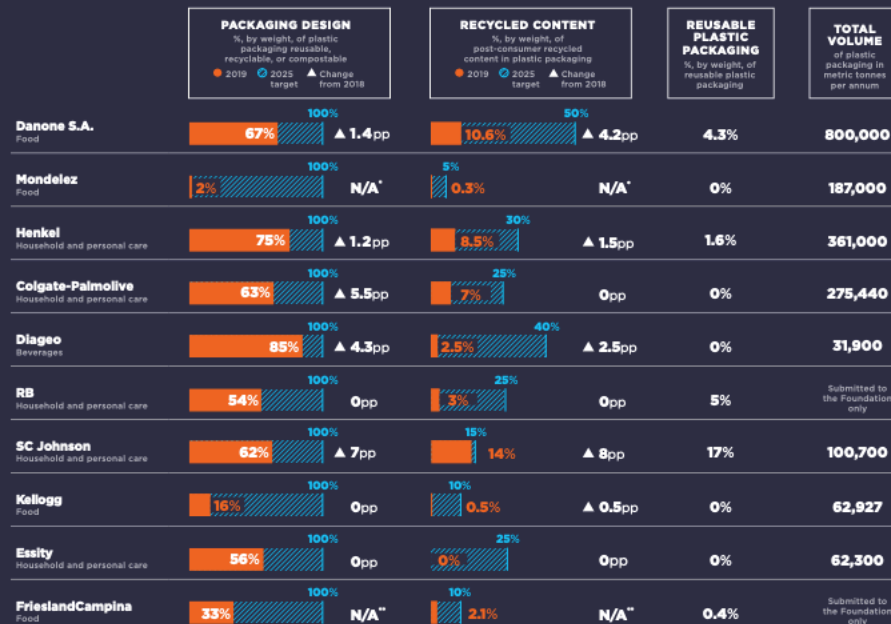
Key metrics for the top 10 FMCG companies globally, by revenue



Notes:  
a) Year-on-year growth was calculated using percentage points for all metrics.  
b) All quantitative data are provided for the latest year reported, in most cases for the relevant company's financial year ending 2019. Details of the reporting timeframe for each signatory are provided in their online individual reports.

### FIGURE 4 Progress by FMCGs (2): other large FMCG signatories

Key metrics for other large packaged goods companies in the Global Commitment (largest by revenue, excluding those in Figure 3)



Notes:  
a) Signatories' year-on-year growth is given in percentage points for all metrics.  
b) All quantitative data are provided for the latest year reported, in most cases for the relevant company's financial year ending 2019. Details of the reporting timeframe for each signatory are provided in their online individual reports.  
\* No prior year data - business was not a signatory  
\*\* No prior year data - business did not report

Most of what we hope to achieve with EPR legislation—packaging redesign, use of recycled content, movement towards reusable packaging—is embedded in this voluntary commitment. Supporting this initiative takes the burden of passing and enforcing strict EPR laws off of government.

Recycle Hawaii will be working with Councilwoman Rebecca Villegas to introduce the Global Commitment during the upcoming convention of the Hawaii State counties in November. Recycle Hawaii asks the EMC to consider supporting calls for the state to become a signatory. Sanne Berrig and George Hayducsko attended the briefing given by the United Nations Environmental Program on this initiative; both are qualified to give a presentation to the EMC and we would be happy to assist with that, if necessary.

Beyond supporting the Global Commitment, all the state needs to do is create a funding mechanism that reimburses the counties for what they are spending to deal with the excess waste that is generated and will continue to be generated until these voluntary commitments kick-in. We can do that by requiring the top producers of FMCGs to register with the state and pay into a fund for this purpose.

This is what we already do with electronics manufacturers, but the similarity should end there. We should not charge the manufacturers subject to state EPR regulations with collecting and processing their waste. We have learned from the e-waste program that manufacturers cannot be trusted to devise programs that are thorough or fair. Rather than trying to regulate producers covered by an EPR program, we should simply make them pay a fair share of what it costs the counties to manage the waste their business models generate and then let their desire to cut costs drive the reduction of that waste.