



November 8, 2005

Mr. Doug Smith
Director
Strategies, Relationships and Innovation
Green Manitoba *Eco Solutions*

SENT VIA EMAIL

Dear Mr. Smith:

CWTA comments on the E-Waste Stewardship Program Discussion Paper

The Canadian Wireless Telecommunications Association (CWTA) is pleased to submit comments on the proposed Manitoba Discussion Paper on E-Waste Stewardship (the discussion paper), released for comments by Green Manitoba *Eco Solutions*.

The CWTA is the authority on wireless issues, developments and trends in Canada. It represents cellular, PCS, messaging, mobile radio, fixed wireless and mobile satellite carriers as well as companies that develop and produce products and services for the industry.

CWTA is committed to championing a cell phone recycling program. We believe program development should be the responsibility of obligated stewards in this area, and support a consultative and cooperative approach throughout the program development process with all key stakeholders, working with our partners in Manitoba to create the right program for the province.

The wireless communication industry is unique in that it operates within a closed-loop distribution network (from manufacturer, to carrier, via service contract to the consumer). In addition, a variety of cell phone recycling programs are already in place throughout Canada. These include programs run through charities such as *Phones for Food* and other non-profits, as well as carrier-run initiatives, for example, the new MTS Mobility recycling program, soon to be announced. Yet, to meet the needs of Canadians, the Association is working expeditiously to develop a national program that would be consistent with the CCME Principles and compatible with the needs of provinces.

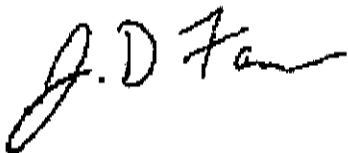
The CWTA is committed to developing the best possible program that is both efficient, and effectively recycles cellular phones. CWTA representatives and members

participated in the consultation day, put on by Green Manitoba on October 25, 2005. We were pleased to hear that the province is willing to work with the industry, and to build on industry-led solutions that are currently being developed.

We also understand that the province is prioritising an early start, with the goal of having a program running by May of 2006. Having been involved in the Ontario process, both in consultations and as participants in the ongoing discussion surrounding the IFO, we have some concern that this condensed deadline is insufficient to put in place a functioning program. There are many issues that must be addressed prior to program commencement. Specifically: the establishment of appropriate targets; future product phase-in; consideration of orphan and historical waste; and regulation of the charitable sector.

A self-funding, cost effective program, that also achieves its diversion goals is not easily achieved and will take time and effort. We therefore respectfully request your support as we work towards this goal.

Sincerely,

A handwritten signature in black ink, appearing to read "J. D. Farnes". The signature is fluid and cursive, with the first name "J." and last name "Farnes" clearly legible.

J. David Farnes
Vice-President, Industry and Regulatory Affairs

The Canadian Wireless Industry Overview:

The Canadian wireless industry is a young industry. As it grows, the industry contributes to the lives of Canadians across the country. Wireless services increase Canadians standard of living. At work, the benefits of wireless include increased job flexibility, communication, multi-tasking, better work-life balance. Wireless technologies can increase individual productivity by 22 %. At home, wireless services provide increased safety for family members, who can stay in touch with each other, or provide help in, for example, the event of a motor-vehicle breakdown. In the community, wireless service show increased ability to link remote regions and provide key public services.

Canada's wireless carriers invest over \$1 billion in mobile phone communications infrastructure each year, to bring coverage to 95 percent of the Canadian population. In Manitoba, approximately 543,000 residents are mobile phone customers.

The members of CWTA contribute to Canada's social programs: paying licence fees in excess of \$150 million each year – more than two-thirds of the total fees collected by Industry Canada from all spectrum users.

Across the country, Canada's wireless industry employs approximately 25,000 Canadians. Most of these employees are in highly skilled positions, who on average earn 30 per cent more than the average Canadian worker. Thousands more jobs are indirectly supported by Canada's wireless industry.

Minimizing Risk to Human Health and the Environment

CWTA recognises Manitoba, as do other provinces, faces key challenges with waste diversion. We strongly support legislative efforts to create electronic waste stewardship programs, guided by considerations of the risk to the environment as indicted by the level of hazard, volume and exposure.

Already, cell phone manufacturers have redesigned phones to minimize toxins. As illustrated by the below Table 1, cell phones today carry trace amount of heavy metals.

Currently, the cell phone handsets used here are not manufactured in Canada. However, manufacturers do meet stringent global standards. For example, as a result of the European Restriction of Hazardous Substances(RoHS) Directive (2002/95/EC) manufacturers selling in the European market must restrict their use of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls, and polybrominated diphenyl ethers. Most manufacturers of handsets have significant operations in the EU and thus, by default, these standards are applied to those handsets sold in the Canadian market.

Table1: Phone Composition (weight percent):

ABS-PC	29%
Ceramics 16%	
Cu and compounds	15%
Silicon Plastics	10%
Epoxy	9%
Other Plastics	8%
Iron	3%
PPS	2%
Flame retardant	1%
Nickel and compounds	1%
Zinc and compounds	1%
Silver and compounds	1%
Al, Sn, Pb, Au, Pd, Mn, etc.	less than 1%

Source: Leena Oiva, Case Study on the Environmental Impacts of a Mobile phone, *Electronics Goes Green 2000+*, Berlin, Sept 2000.

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In addition, all handsets coming into Canada must meet the operational and health and safety certification standards set by Industry Canada.

Supply Chain Considerations

Sales of handsets in Canada follow a fairly closed system. Handsets are sold to service providers (carriers). Carriers manage distribution, including the amount of handsets that go to each province and territory, through a network of authorised dealers/retailers. Most handsets are sold using a "post-paid" service agreement, meaning at the point of sale establish a service contract between the consumer and carrier is established, forming a long-term relationship with consumers.

Unlike other product groups, this close-loop distribution facilitates the creation of one, stand-alone, national program to manage cell phones, by facilitating product tracking and collection (as well as increasing the ease of reporting).

Cell Phone Use and Retention Patterns Among Canadians

To gain a better understanding of consumer use of handsets, and their attitudes towards recycling of said, the CWTA recently undertook a survey of customers across Canada. We found that, while the useful life of a cell phone may be 18 to 24 months, consumers in the vast majority do not dispose of their old phones.

Results indicated that 75 per cent of Canadians retain their old phones, putting them to a variety of diverse “re-uses” or recycling cell phones through currently available programs.

What did Canadians do with their old cell phones...

Put it in storage somewhere in the house	72%
Gave it or sold it to a friend or family member for them to use	43%
Disposed of it with household waste.....	19%
Gave it or traded it back in to cellular service company.....	9%
Donated it to a charitable organization for their use.....	6%
Put it into recycling.....	4%
Gave it to a cell phone recycling organization.....	2%
Lost it.....	2%
Stolen	1%
Still have it/use it	1%
Gave it away (general).....	1%
Still have it/don't use it	1%
Other	2%
Don't know/ Can't remember.....	2%

Decima Research: Telephone Survey, 2047 respondents

Significantly for government officials, this means cell phone disposal volumes are much lower than those predicted using only the 18-24 month “lifespan.” As such, setting targets using estimations of current product sales is unlikely to provide a useful benchmark.

International comparisons indicate Canadians keep old phones much more so than do customers in countries with active recycling programs. For example:

- Australia: 42% of consumers kept old mobile phones; 18 % gave these to a family member/friend.
- UK: 55% kept old phone; 25% sold it privately, traded in or gave to a family member/friend.
- Sweden: 47% kept old mobile; 21% sold it privately, traded in or gave to a family member/friend.

This means estimates of yearly cell phone waste will be grossly overstated; it also indicates a cell phone recycling must be set up to effectively address orphan and historical waste in a manner that is as equitable as possible to all market participants.

Current Industry Activity

The CWTA agrees that technological progress should not come at the expense of the environment. Indeed, across the country, the industry currently participates in a variety of voluntary programs to respond to consumer and community needs by recycling and reusing phones:

- Bell Mobility's *Recycle, Reuse, Redial* program has donated over 7,500 refurbished phones to women's shelters, children's charities and other non-profit groups. Since its launch in 2003, the program has diverted 37 metric tons of waste – including over 50 thousand phones; also phone batteries and accessories.
- *Phones for Food*, whose national sponsor is Rogers Wireless recycles phones to raise funds for food-banks across Canada. Since its launch in 2004, it estimates that 53,400 phones have been diverted – all in just one year! These strong results are set to increase as the program expands.
- TELUS Mobility is the national sponsor the RBRC, which recycles batteries across the country. TELUS' own recycling program accepts phones, PDAs, batteries and accessories through TELUS Mobility stores.
- MTS Mobility's exciting new program, to be announced November 9th, will also collect phones alongside local charitable organisations.

These programs divert significant amounts of waste, provide cell phones with a subsequent useful life, and help community organisations raise much needed funds. With these programs well under way, the industry is ready, and able, to build their successes out into a national program.

Cellular Phone Electronic Waste Stewardship Program:

As indicated above, the unique product and supply chain characteristics of the Canadian cell phone industry lend themselves to one separate, national program. In addition, the CWTA notes that a national, cell phone recycling program meets principles 7 and 8 of the Canadian Council of Ministers of the Environment (CCME) principles namely, creating coordination across jurisdictions, and consistency in program design across the product group.

CWTA proposes that, in keeping with these principles a recycling program should be:

- ✓ Industry-run
- ✓ National in scope, but recognising and addressing provincial needs
- ✓ While working with provincial organisations, like Green Manitoba, have one stewardship body, nominated and supported by the industry, that would work with relevant provincial authorities

- ✓ Accept historical and orphan waste on a “voluntary” (not-legislated) basis
- ✓ Targets: collect a percentage of usable waste collected
- ✓ Allows for responsible reuse of cell phones through refurbishing programs that meet manufacturer’s standards
- ✓ Industry-funded: any fees levied to be a matter of commercial negotiation

Given the priority in Manitoba for a ‘fast start’, the CWTA believes that the corner stone of developing such a program will be to allow for product phase-in in Manitoba. The best approach to implementing a successful electronics diversion program is to begin with a small, focused list of products followed by the phase in of a much wider list of products, as appropriate. A phase-in approach will demonstrate program viability, minimize start-up complexity, and be in harmonization with other provincial programs.

Specific Comments on the Discussion Paper

Overall Regulatory Framework

The CWTA find the overall proposed regulatory frame work is reasonable, and certainly not dissimilar to that proposed or passed in other jurisdictions. However, our discussions in other provinces, as noted above, lead us to believe that it the issues not addressed by the regulation that take time to get right. For example, a quick review of the definition section alone reveals several inconsistencies that need to be worked out:

1. The proposed definition of “designated material” includes the packaging in which the material is supplied. There are already various packaging recycling initiatives in place, and packaging may be collected differently (for example, using a model where consumers dispose of it in the home and municipalities run collection). As such, it is not necessarily as appropriate for packaging to be included in a stand-alone electronic waste recycling program as in the case of used oil or paint, where the recycled product by its nature must include the packaging, and, where the packaging may contain residual product that should also be recycled.
2. The proposed definition of steward is the “first person who supplies the designated material, or who uses material obtained elsewhere in the province.” It seems to the CWTA that this definition is very broad. In the event a customer brings a product into the province, does this mean a consumer is then a steward?

A fuller discussion of such issues, with industry, will clearly be necessary prior to program launch.

Performance targets

The discussion paper asks about appropriate targets for managing e-waste and who should set these. Industry supports the need for reasonable performance targets and continuous improvement. These are consistent with industry environmental practices and the cornerstone of Environmental Management Systems. Industry supports targets to be

defined as a result of careful review of collection infrastructure including recycler capacity and recycler qualifications.

The CWTA would like to inquire whether, as in other provinces, there is a specific overall target the province needs to meet to achieve its waste diversion goals. Given differing supply chains, lifecycles and subsequent reuse/recycling potentials of products in the e-waste category, the CWTA submits that the province may wish to assign different targets to different product groups. For example, cell phones, a light product cannot meet the same yearly tonnage requirements that could be met by desktop computers.

One formulation of targets we find is both workable and ambitious is to stipulate that stewards must ensure a percentage of reusable and recyclable post-consumer electronic products, collected at the return facility, is reused or recycled.

Historical and Orphan Waste

The proposed regulation does not address the issue of historical/orphan waste. In many high-tech industries, where firms and products enter and exit the market with high frequency, orphan waste is frequently generated. Any e-waste recycling program must clearly address the build up of orphan and historical waste – however, it must do so without introducing any competitive advantages either for established firms, or for new firms entering the market. Recognising the importance of this issue, the CWTA will agree to collect all 2005 orphan and historical cell phone waste in our program.

Funding Model

The proposed regulations stipulate that a stewardship plan, submitted to Green Manitoba must include provisions for “the orderly collection of revenues from subscribers to the program in balance with expenditures for the program.” As the term “subscribers” is not defined in the definition section, the CWTA takes this to mean those members of the public who purchase, use or otherwise benefit from the product.

Industry supports the evaluation of all funding options for e-waste stewardship. Different stewards may have different needs and preferences and the program must allow flexibility for companies to make the necessary commercial arrangement. In particular, obligated stewards wish to consider an option where stewards have the ability to pass environmental fees down the supply chain to the consumer. This option is also important when considering program harmonization with other provinces.

The CWTA recognises, however, that the government may have certain legitimate concerns regarding fees, and public perceptions thereof. As such, we are prepared to work cooperatively with the government to ensure program both runs smoothly, and are perceived positively by Manitoba residents.

Conclusion

The CWTA believes industry and government have common objectives, including:

- Developing sustainable industry led and delivered programs through an effective private/public partnership.
- Ensuring a level competitive playing field.
- Recycling electronic waste to appropriate environmental standards.
- Harmonizing programs with other jurisdictions wherever possible.
- Responsible, cost effective solutions that minimize regulatory management and maximize stewardship benefits.

We believe that industry-run programs bring the best results. We look forward to working with your officials to achieve this goal.