HOW THE FRENCH COUR DES COMPTES AUDITED EXTENDED PRODUCER RESPONSIBILITY (EPR) ORGANISATIONS

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WHAT IS EXTENDED PRODUCER RESPONSIBILITY (EPR)? (1/5)

Ministry of environment → authorization → EPR organisation → €€ → Producer

Waste management organization → €€ → Consumer

treatment → collection
WHAT IS EXTENDED PRODUCER RESPONSIBILITY (EPR)? (2/5)

<table>
<thead>
<tr>
<th>Producers</th>
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<tbody>
<tr>
<td>Packaging</td>
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WHAT IS EXTENDED PRODUCER RESPONSIBILITY (EPR)? (2/5)
WHAT IS EXTENDED PRODUCER RESPONSIBILITY (EPR)? (3/5)

**EPR organisations (« eco-organisations »)**

<table>
<thead>
<tr>
<th>Packaging</th>
<th>Papers</th>
<th>Electric &amp; electronic equipments</th>
<th>Batteries</th>
<th>Textile &amp; shoes</th>
<th>Unused medicine</th>
<th>Tyres</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Image]</td>
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22/04/2016 Cour des comptes - How the French Cour des comptes audited extended producer responsibility organisations
WHAT IS EXTENDED PRODUCER RESPONSIBILITY (EPR)? (4/5)

Consumers
WHAT IS EXTENDED PRODUCER RESPONSIBILITY (EPR)? (5/5)

Waste management organisations

- Local councils
- Private companies
- Charities

[Images of organisations logos]
HOW COULD THE FRENCH COUR DES COMPTES AUDIT WASTE MANAGEMENT PUBLIC POLICIES WHEN AN EXTENDED PRODUCER RESPONSIBILITY IS INVOLVED?

« Society has the right to ask a public official for an accounting of his administration » - Article 15 of the Declaration of human and civil rights

7th chamber is in charge of transportation, environment and agriculture

Problem: waste management and extended producer responsibility often involve *private companies*
WHAT DID WE DO?

We checked that the Cour des comptes is competent

- French law from 2000: the Cour des comptes is competent for « payments that free producers from their responsibility »
- Even if it’s private money transferred from one private company to another one!

We performed:

- 13 performance audits on eco-organisations
- Transversal audit procedures on the French ministry of environment (delivering authorizations to operate and setting targets)

We issued:

- 13 non-public reports (all with the same structure)
- 1 public summary, with a press conference: https://www.ccomptes.fr/content/download/89506/2121137/version/1/file/05-eco-organismes-RPA2016-Tome-1.pdf (in French, sorry!)
How the French Cour des comptes audited extended producer responsibility organisations

**OUR METHODOLOGY:**

SAME AS FOR AUDITING A STATE-OWNED COMPANY

1. Governance
   - Governance of the sector by the ministry
   - Governance of the eco-organisation itself (board, CEO, executive committee)

2. Relationships with the producers
   - Competition between EPR
   - Recovery of funds

3. Financial aspects
   - No diligence on accounting because accounting is already audited
   - Audit of the financial position

4. Management
   - Light diligence on HR, purchasing, fees, CEO salary
   - Focus on R&D and communication

5. Relationships with waste management companies
   - Reach of recycling targets
   - Quality of recycling
   - Contracts with waste management companies

Reluctance from some eco-organisations’ boards

The only audit body able to audit inside eco-orgs

Judiciary context

The only audit body with a global vision

Lack of technical skills
WHAT’S NEXT

2016
• Enlarge to waste management organisations

2017-2019
• Follow up to recommendations

2018?
• Audit other eco-organisations: furniture, solar panel…
• Audit waste management in sectors without EPR
• Enlarge to circular economy
Thank you for your attention

Any questions?
Growing rates of collection and treatment…

KEY FINDINGS (1/5): POSITIVE RESULTS, BUT STAGNATING

kg / inhabitant / year

kg / inhabitant / year

packaging

papers

electric & electronic

batteries

tires

textile

unused medicine

2001 2005 2009 2013

2006 2008 2010 2012
KEY FINDINGS (2/5): POSITIVE RESULTS, BUT STAGNATING

…but huge differences between sectors

Targets were (too) ambitious

Nothing happens when an eco-organisation fails to reach the target set by the ministry
KEY FINDINGS (3/5): POSITIVE RESULTS, BUT STAGNATING

Eco-organisations are properly managed…

☑️ Governance works efficiently
☑️ Financial positions are satisfactory

But:

☑️ Growing structure costs

€ Huge provisions for future charges:

Very limited impact on eodesign
KEY FINDINGS (4/5): SOME CHANGES ARE NECESSARY

Communication towards the consumer has to be harmonised

- 208 M€ spent between 2006 and 2013
- But numerous sorting out mistakes that cost 40 M€/year only for packaging
- 3 causes
  - Sorting out instructions are not updated by local councils
  - Collection schemes and tray colours are heterogeneous
  - Many different logos

Data should become more transparent, concerning:

- The costs of waste management by local councils
- The P&L of private companies that collect the waste and sell recycled products
Green dot  Tri-man  For batteries and electric & electronic equipments

Sorting out instructions
KEY FINDINGS (5/5): SOME CHANGES ARE NECESSARY

Waste treatment plants are too small and too numerous

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plants</td>
<td>253</td>
<td>80</td>
</tr>
<tr>
<td>Million inhabitants</td>
<td>66</td>
<td>81</td>
</tr>
</tbody>
</table>

Central government has to better regulate the sector:

- Make the governance more simple
- Authorization procedures for eco-organisations have to be more robust
- Punish the free-riders (producers who don’t pay)