



THE REGIONAL MUNICIPALITY OF PEEL

WASTE MANAGEMENT STRATEGIC ADVISORY COMMITTEE

AGENDA

WMSAC - 3/2019

DATE: Thursday, October 3, 2019

TIME: 11:00 AM – 1:00 PM

LOCATION: Council Chamber, 5th Floor
Regional Administrative Headquarters
10 Peel Centre Drive, Suite A
Brampton, Ontario

MEMBERS: G.S. Dhillon; P. Fortini; A. Groves; N. Iannicca; J. Innis; J. Kovac;
M. Mahoney; M. Palleschi; K. Ras; I. Sinclair; R. Starr

Chaired by Councillor R. Starr or Vice-Chair Councillor J. Innis

- 1. DECLARATIONS OF CONFLICT OF INTEREST**
- 2. APPROVAL OF AGENDA**
- 3. DELEGATIONS**
- 4. REPORTS**
 - 4.1. Waste Management Proposed Fees Increases and Community Recycling Centre (CRC) Public Consultations (Oral)
Presentation by Norman Lee, Director, Waste Management and Erwin Pascual, Manager, Waste Planning
 - 4.2. Proposed Waste Management Fee Increases
 - 4.3. Community Recycling Centre Optimization Study and Public Consultation Plan Update
 - 4.4. Update on the Transition of the Blue Box Program to Full Producer Responsibility
 - 4.5. Lakeview Village - Update on Vacuum Waste Collection System Investigation, City of Mississauga, Ward 1 (For information)

5. COMMUNICATIONS

6. IN CAMERA MATTERS

7. OTHER BUSINESS

8. NEXT MEETING

Thursday, November 7, 2019
1:00 p.m. - 3:00 p.m.
Council Chamber, 5th floor
Regional Administrative Headquarters
10 Peel Centre Drive, Suite A
Brampton, ON

9. ADJOURNMENT

Waste Management Proposed Fees Increases and Community Recycling Centre (CRC) Public Consultations

Waste Management Strategic Advisory Committee
October 3, 2019

Erwin Pascual, Manager, Waste Planning
Norman Lee, Director, Waste Management

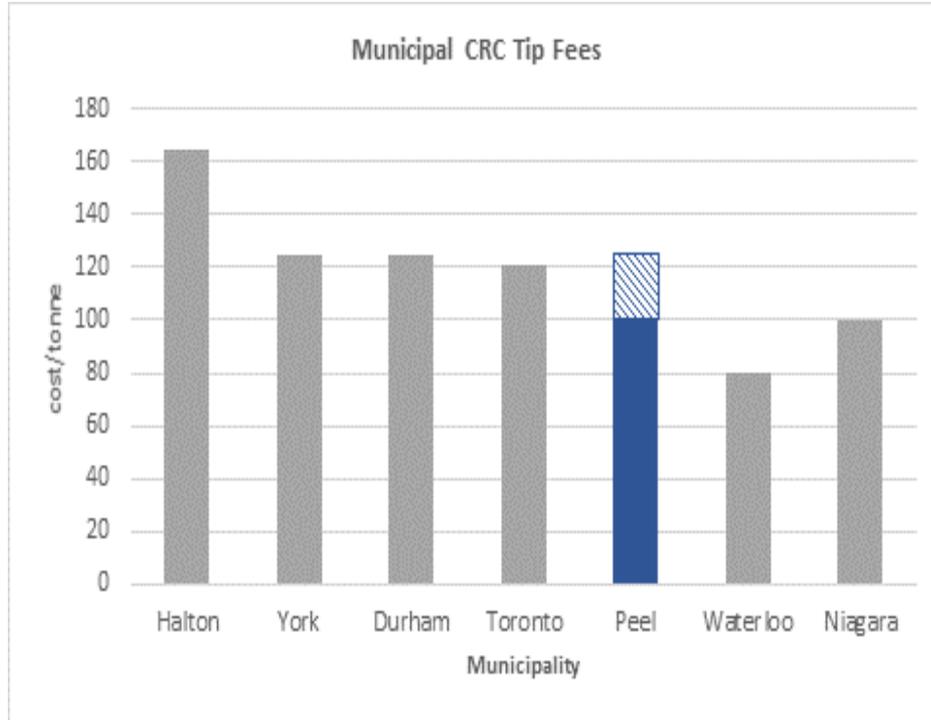
Today's Presentation

- Recommended waste management fee increases to be included in the 2020 budget submission:
 - Community Recycling Centre Tip Fees
 - Garbage Bag Tags
 - Agricultural Compost Sales
- Community Recycling Centre Optimization Study Consultations

Financial Plan Update

- A Waste Management Financial plan is currently being developed that will include options for volume-based user fees to increase diversion
- Fee increases are recommended before the completion of the Financial Plan as these fees have not been increased since 2012 and the gap between operating costs and cost recovery increases every year

CRC Tip Fees



- Tip fees are currently at \$100 per tonne and one of the lowest charged in the surrounding municipalities
- Staff recommend increasing the tip fee to \$125 per tonne
- This fee balances cost recovery with customer service impacts

CRC Tip Fees

Tip Fee

- Staff recommend tip fee increase to \$125 per tonne

Minimum Tip Fee

- Staff recommend that the minimum fee be increased to \$10 for up to 80 kg loads

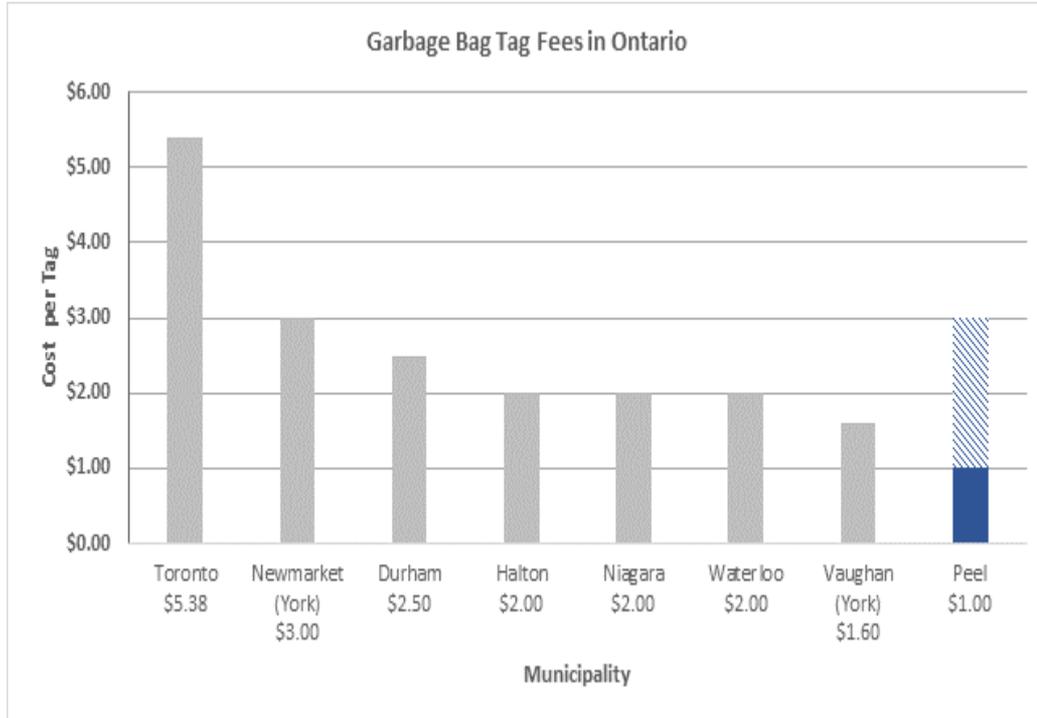
Flat Rate Tip Fees

Current Classification	Rate	Proposed Reclassification	Rate
Car	\$5	Car, Mini Van or Pick-up Truck	\$10
Car with Trailer	\$10	Car, Mini Van or Pick-up Truck with Trailer	\$20
Pick-up Truck	\$10	Cube Van, Stake Truck or Larger Vehicle	\$30
Pick-up Truck with Trailer	\$15		

Yard Waste Tip Fee

- Fees for the disposal of yard waste is currently waived at the Bolton and Caledon CRCs
- Changes to the yard waste collection service in Bolton, Caledon East and Rural Caledon have prompted a review of the waived fee
- Staff recommend charging for yard waste at the Bolton CRC effective January 2020
- Staff recommend charging for yard waste loads above 150 kg at the Caledon CRC effective January 2020

Garbage Bag Tags



- Peel currently charges \$1 per bag tag; sold in bundles of 5; one of the lowest charged amongst surrounding municipalities
- Staff recommend increasing the fee to \$3 per bag tag effective January 1, 2020

Agricultural Compost Sales

- Agricultural compost is sold directly from Peel Curing Facility at \$5.00 per tonne
- If fee is set too high (at full cost recovery) there will be no market for compost
- Staff recommend increasing the cost to \$10 per tonne effective January 2020

Communications to Residents

- The methods of communicating the proposed fee increases to residents will include:
 - Email newsletter
 - Social media
 - Use of mobile signs
 - Updated website information
 - Posters and Brochures at the point of sale locations
 - Compliant escalation process

CRC Potential Future Service and Policy Changes

- Policy and Service Changes
 - Education and awareness of CRC usage and best practices
 - Clear bags for garbage drop-off
 - Introduce enforcement
 - Fee structure to incentivize better sorting of materials
 - Materials management (not accepting items that have alternative drop-off locations such as tires)
 - Hours of Operations

CRC Consultation Plan

- Community Recycling Centre Optimization Study identified various future potential service and policy changes to consider for the CRCs
- Staff recommend engaging the public through public consultations for feedback about the potential service and policy changes

CRC Consultation Tactics

- Target audience of CRC users
- Approach
 - Online surveys
 - Focus groups
- Additional tactics (if needed)
 - In-person open house
 - Telephone town hall

Use of CRC Consultation Feedback

- Modify potential service or policy changes
- Finalize the CRC optimization study
- Develop implementation and communication plans

Thank you

Contact info:

Norman Lee
Director, Waste Management

905-791-7800 ext. 4703
norman.lee@peelregion.ca

Erwin Pascual
Manager, Waste Planning

905-791-7800 ext. 4399
erwin.pascual@peelregion.ca

DATE: September 24, 2019

REPORT TITLE: **PROPOSED WASTE MANAGEMENT FEE INCREASES**

FROM: Andrew Farr, Acting Commissioner of Public Works

RECOMMENDATION

That the fees recommended in the report from the Acting Commissioner of Public Works titled “Waste Management Fee Increases” be endorsed and included in the 2020 budget.

REPORT HIGHLIGHTS

- Staff continue to work on a comprehensive Financial Plan for the Region of Peel’s Waste Management service and will update the Waste Management Strategic Advisory Committee in late 2019. Final recommendations are expected in 2020.
- As part of the work, staff assessed the current waste management fees to ensure they continue to recover operational costs.
- Staff also compared Peel’s current waste management fees to those charged by other similar Ontario municipalities.
- Staff is recommending that the following fee increases be included in the 2020 budget, with the changes being effective January 1, 2020:
 - Increasing drop-off fees, minimum fees and flat rates charged at all Community Recycling Centres
 - Charging for the disposal of yard waste at the Caledon and Bolton Community Recycling Centres
 - Increasing the fees for garbage bag tags
 - Increasing the cost per tonne of agricultural grade compost
- A targeted communications plan will be developed and implemented prior to the implementation of the fee increases to inform impacted residents of the changes.

DISCUSSION

1. Background

The Region of Peel’s waste management operations are funded largely through property taxes, stewardship programs and drop-off fees. On December 14, 2017, Regional Council approved Peel’s long-term Waste Management Strategy entitled, “The Roadmap to a Circular Economy in Peel” (Council Resolution 2017-969). An action in the Roadmap is the development of a Financial Plan for the Waste Management Division that will detail how the

PROPOSED WASTE MANAGEMENT FEES INCREASES

capital and operating expenses of the Roadmap will be financed and that considers the implementation of a volume-based user fee system.

Staff retained consultant Ernst & Young LLP to develop a financial forecasting model and Financial Plan with options for a volume-based user fee system that can be implemented in the Region of Peel. This work will include a jurisdictional scan of municipalities currently utilizing some form of user-pay system across North America.

Staff intends to report to the Waste Management Strategic Advisory Committee in late 2019 with the results of the jurisdictional scan, a list of criteria that could be used to determine the most appropriate volume-based user fee system for Peel, a list of next steps and a detailed consultation plan for the first round of public consultations. Staff expects to bring its final recommendation to Regional Council in 2020.

While the Financial Plan is being developed, staff reviewed Peel's current waste management fees to ensure they continue to recover operational costs and if these fees need to be updated. Staff also compared Peel's current fees to the fees charged by other municipalities.

As a result of this review, staff is recommending several fee increases to be included in the 2020 budget. These increases are being recommended ahead of the Financial Plan to ensure fees continue to cover operational costs over the course of 2020 while the Financial Plan is completed. Waste fees were last increased in 2012 and garbage bag tag fees have been the same since they were introduced in 2002.

2. Findings

Staff analysis of current fees resulted in recommendations for several fee increases, summarized in Table 1 below. The fee increases are described in greater detail in subsequent sections of this report.

Table 1: Waste Management Fees Increase Summary

Fee Description	Current		Recommended	
	Fee	Cost Recovery	Fee	Cost Recovery
Community Recycling Centre Drop-off Fees	<ul style="list-style-type: none"> • \$100 per tonne • \$5 Minimum • \$5 to \$15 flat rate when weigh scales are down, depending on vehicle type • Yard Waste fees waived for urban Areas of Caledon • Yard Waste fees waived for rural Areas of Caledon 	24%	<ul style="list-style-type: none"> • \$125 per tonne • \$10 minimum • \$10 to \$30 flat rate when weigh scales are down depending on vehicle type • Yard Waste fees applied for urban Areas of Caledon • Yard waste fees applied to loads up to 150 kgs for rural Areas of Caledon 	30%
Garbage Bag Tag	\$1.00 per tag	33%	\$3.00 per tag	100%

4.2-3

PROPOSED WASTE MANAGEMENT FEES INCREASES

Agricultural Compost	\$5.00 per tonne	7%	\$10 per tonne	14%
----------------------	------------------	----	----------------	-----

If all fee increases are approved, the additional revenue is estimated at \$1.9 million for 2020.

a) Community Recycling Centre Fees

i) Community Recycling Centre Drop-off Fee

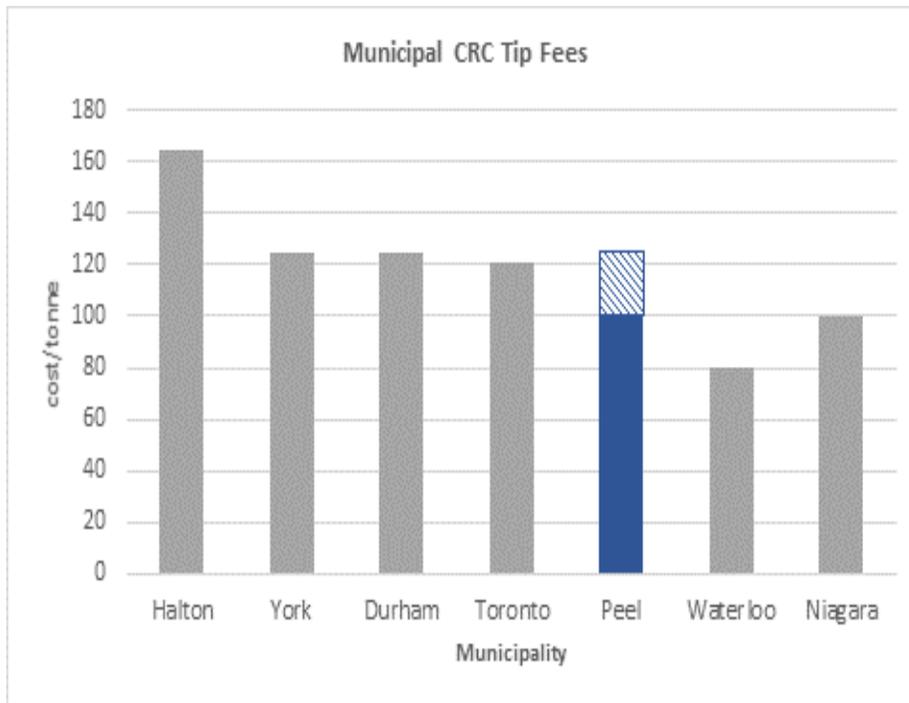
Users of the Community Recycling Centres are charged a drop-off fee (also referred to as a tip fee) for garbage, rubble, construction renovation and demolition materials, wood, shingles, drywall, clean soil, carpet and yard waste (except at the Caledon and Bolton Community Recycling Centres, where yard waste drop-off fees are waived). The drop-off fee for the materials is currently \$100 per tonne and represents 24 percent of the operating costs. The drop-off fee was last increased in 2012 and the gap between operating costs and tip fees increases annually.

To begin to close the gap between fee and cost, various options were considered. In addition to cost recovery, staff also considered customer service impacts (pushback from residents, customer satisfaction). Staff recommend that a drop-off fee increase to \$125 per tonne balances cost recovery and customer service impacts.

A comparison of the Region of Peel's drop-off fee to those charged by other Ontario municipal disposal sites indicates that most charge higher drop-off fees than the Region. Increasing the drop-off fee to \$125 per tonne is still in line with other municipal drop-off fees. The comparison of Peel's drop-off fee to other Ontario municipalities is illustrated in Graph 1.

Graph 1: Drop-off Fees Charged at Municipal Disposal Sites

PROPOSED WASTE MANAGEMENT FEES INCREASES



ii) Community Recycling Centres Minimum Drop-off Fee

Community Recycling Centres currently charge a minimum fee of \$5 for loads weighing up to 50 kilograms to comply with the *Weights and Measures Act* (R.S.C., 1985, c. W-6). When reviewing the minimum fee, staff considered cost recovery and customer service impacts.

Approximately 30 percent of all loads coming into the Community Recycling Centres are under 50 kg. These small loads contribute to traffic at the Community Recycling Centres and would be better managed through Peel's curbside collection programs. Increasing the minimum fee should reduce the number of small loads dropped off. Additionally, the minimum drop off fee should be set at a whole dollar value to make cash transactions easier and faster. Therefore, to increase cost recovery, reduce the number of small loads being dropped off at the Community Recycling Centres and to facilitate the completion of cash transactions, staff recommend increasing the minimum tip fee to \$10 for loads weighing up to 80 kg, effective January 1, 2020.

iii) Community Recycling Centres Flat Fee

Flat fees are charged at the Community Recycling Centres when the weigh scales are non-operational due to maintenance or system failures. This situation does not happen often and does not affect a significant amount of users. To increase cost recovery, staff recommend increasing flat fees as listed below:

Current Flat Fees by vehicle type:

4.2-5

PROPOSED WASTE MANAGEMENT FEES INCREASES

- \$5 for a car or mini van
- \$10 for a car or mini van with trailer
- \$10 for a pick-up truck or larger vehicle
- \$15 for a pick-up truck or larger vehicle with a trailer

Increasing flat fees as listed below:

- \$10 for a car, mini van and pick-up truck
- \$20 for a car, mini van and pick-up truck with trailer
- \$30 for a cube van, stake truck, or larger vehicle

iv) Yard Waste Fees in Urban Areas of Caledon

In 2007, drop-off fees for disposal of yard waste by residents using the Bolton Community Recycling Centre were waived to provide a drop-off location for residents of Bolton and Caledon East who were receiving limited curbside yard waste collection service (Resolution 2007-797).

Since 2016, residents in Bolton and Caledon East have been receiving bi-weekly yard waste pickup between March and December, similar to residents in Mississauga and Brampton. This increase in yard waste collection alleviates the need for waiving yard waste fees for these residents.

Staff recommends that the 2020 budget include the elimination of the waived fee for disposal of yard waste at the Bolton Community Recycling Centre, effective January 1, 2020.

v) Yard Waste Fees in Rural Areas of Caledon

In 2007, drop-off fees for disposal of yard waste by residents using the Caledon Community Recycling Centre were waived to provide a drop-off location for residents of rural Caledon who were not receiving any curbside yard waste collection service (Resolution 2007-797).

Since 2016 residents in rural Caledon have been receiving eight curbside collection days for yard waste (four Fridays in Spring and four Fridays in Fall). Due to the limited curbside collection in rural Caledon, staff believe that it is still appropriate to waive fees for residents living in rural Caledon using the Caledon Community Recycling Centre with some changes to the provisions to the waived fees.

Historically, it has been difficult for staff to charge yard waste fees for contractors (landscaping companies) and waive the yard waste fees for residents. This difficulty can be managed by setting a maximum limit for yard waste being dropped off.

Staff recommend that as part of the 2020 budget, the waiver provisions at the Caledon Community Recycling Centre be changed, such that the fee is waived for the loads of yard waste up to 150 kilograms per trip at the Caledon Community Recycling Centre and regular drop-off fees are charged for loads of yard waste over 150 kilograms, effective January 1, 2020.

4.2-6

PROPOSED WASTE MANAGEMENT FEES INCREASES

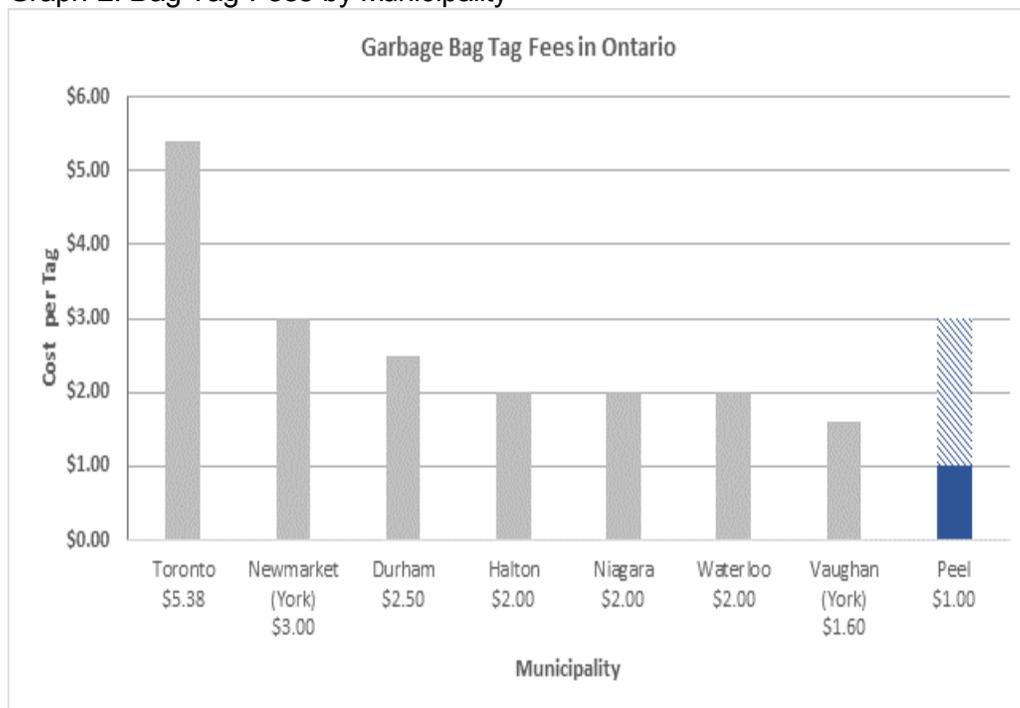
b) Curbside – Garbage Tag Fees

Garbage bag tags were originally introduced in 2002 to encourage residents to produce less garbage and more fully utilize the organics and recycling programs at the curbside. The fee for the tags was set at \$1 per tag to deter garbage generation. Peel Region has never increased the cost per garbage bag tag since the program was introduced. The current cost charged for the extra garbage bags at the curbside represents 33 percent of the actual operating costs.

The full cost to collect extra bags at the curbside for 2020, is projected to be \$3 per 20 kilogram bag of garbage. Staff recommend increasing the bag tag fees to \$3 per tag to ensure 100 percent cost recovery of collecting the extra bags effective January 1, 2020.

Staff completed an environmental scan of other Ontario municipalities garbage bag tag fees and determined that Peel charges less than other Ontario municipalities (as illustrated in graph 2). Charging \$3 per bag tag aligns with other Ontario municipalities in its objective to cover operational costs.

Graph 2: Bag Tag Fees by Municipality



c) Agricultural Compost Sales

PROPOSED WASTE MANAGEMENT FEES INCREASES

The fees for agricultural compost sales were designed to help offset the costs for processing organics into compost. Full cost recovery from the sales of compost was not the intent of the program.

Historically, finished compost was available from the Peel Curing Facility at \$35 per tonne which recovered approximately 50 percent of operating costs. In 2011, direct sales from the Peel Curing Facility were declining and often resulted in a large stockpile on-site. The stockpile generated a significant number of off-site odours and odour complaints, which necessitated operational changes.

To develop options to better use the compost, the Region of Peel consulted with the agricultural community to investigate the feasibility of using Peel's compost on agricultural land. Although the product was desired, farmers were unwilling to pay \$35 per tonne. To be competitive with commercial fertilizers and other nutrient sources, the price was adjusted to \$5 per tonne and sold as agricultural grade compost which is a seven percent cost recovery. Since the price adjustment in 2011, demand for agricultural grade compost has increased steadily and has reached a point of being more than Peel can supply.

Staff considered various fee increases for agricultural compost, including a full cost recovery model equal to \$70 per tonne, however no markets would pay that fee. Staff also compared Peel's fee to the fee charged by commercial operators, which vary but are within the \$20 - \$25 per tonne range. Therefore, staff is recommending that as part of the 2020 budget, the fee be increased to \$10 per tonne effective January 1, 2020.

Even with an increase to the fee per tonne, the Region of Peel will remain competitively priced, resulting in only a minor expected impact to the demand of the product. The increase in the fees will result in 14 percent of the cost to produce the compost being recovered.

d) Changes to By-laws 43-2002 and 17-2007

In 2004, Ontario Regulation 244 of the *Municipal Act, 2001*, as amended, outlined new requirements for 21-day notice to the public when changing fees related to waste management services. Consequently, the fees related to the weight-based system at the Community Recycling Centres were removed from the Region of Peel's By-law 43-2002 titled, "Fees By-law" and By-law 25-2004 (currently By-law 17-2007) was created titled "Waste Management System Fees and Charges". Charges for other waste services remained under the existing Fees By-law. Since then, Ontario Regulation 244 has been revoked however, waste management fees continue to be found in two separate By-laws.

Staff recommends that as part of the 2020 budget process, all fees and charges pertaining to waste management be merged back into By-law 43-2002 titled "Fees By-Law, to create one centralized location for all fees and charges.

COMMUNICATION STRATEGY

If these recommended fee increases are approved to be included in the waste management 2020 budget submission by Regional Council, staff recommend that a targeted communications

PROPOSED WASTE MANAGEMENT FEES INCREASES

plan be implemented prior to January 1, 2020, to inform impacted residents of the proposed fee increases. This plan will include a customer complaint escalation process. A budget of \$15,000 has been allocated from the 2019 operating budget for these communication activities.

RISK CONSIDERATIONS

If the recommended fee increases are not approved to be included in the 2020 waste management budget submission, the current fees and charges will remain and the cost recovery gap will continue to increase annually. There will also be a loss of \$1.9 million in potential revenue.

If the recommended fee increases are approved as part of the 2020 budget, there is a risk that some residents may not be aware of the fee increases or that they will be dissatisfied with the increases, which will create an increase in customer complaints. This risk can be mitigated with the communication strategy being implemented prior to the implementation of the fee increases.

FINANCIAL IMPLICATIONS

a) Community Recycling Centre Fee Changes

Implementing the Community Recycling Centre fee changes as proposed in this report is estimated to generate an additional \$1.5 million in revenues per year, which increase the cost recovery from 24 percent to 30 percent.

b) Garbage Tag Fee Changes

Increasing in cost of bag tags as recommended in this report is estimated to generate an additional \$267,000 in revenue per year, which is 100 percent cost recovery.

c) Agricultural Compost Sales Fee Changes

Increasing the cost of agricultural compost as recommended in this report is estimated to increase revenue by \$95,000 per year, which increases the cost recovery from 7 percent to 14 percent.

CONCLUSION

Every year, the gap in waste fees charged compared to operational costs increases, yet fees have remained stagnant since 2012. To ensure the Region's Waste Management Facilities remain operationally efficient, staff recommend that certain waste management fee increases be included in the 2020 budget, effective January 1, 2020. This will align the fee structure with the current operational reality, and will increase overall revenue by \$1.9 million per year.



Andrew Farr, Acting Commissioner of Public Works

Approved for Submission:

PROPOSED WASTE MANAGEMENT FEES INCREASES



N. Polsinelli, Interim Chief Administrative Officer

For further information regarding this report, please contact Norman Lee, Director, Waste Management, extension 4703, norman.lee@peelregion.ca.

Reviewed in workflow by:

Financial Support Unit

DATE: September 23, 2019

REPORT TITLE: **UPDATE ON THE TRANSITION OF THE BLUE BOX PROGRAM TO FULL PRODUCER RESPONSIBILITY**

FROM: Andrew Farr, Acting Commissioner of Public Works

RECOMMENDATION

That the Regional Chair, on behalf of Regional Council, write to the Minister of the Environment, Conservation and Parks to thank him for moving the Blue Box transition forward and to reiterate Peel's position on key points as described in the report of the Acting Commissioner of Public Works titled "Update on the Transition of the Blue Box Program to Full Producer Responsibility".

REPORT HIGHLIGHTS

- The *Waste-Free Ontario Act, 2016* provides for the use of Extended Producer Responsibility programs.
- The Province's Made-in-Ontario Environment Plan committed to moving Ontario's waste diversion programs to a full producer responsibility model.
- The Ministry of the Environment, Conservation and Parks appointed a Special Advisor, Mr. David Lindsay, on June 7, 2019 to provide advice on how to improve recycling through the Blue Box Program.
- Mr. Lindsay submitted his advice and recommendations to the Minister on July 20, 2019. The Special Advisor's recommendations are generally consistent with positions advocated for by Peel Region and other municipalities.
- The Minister issued wind-up direction letters to Stewardship Ontario and the Resource Productivity and Recovery Authority on August 15, 2019 outlining the next steps and timelines to transition the Blue Box Program.
- Staff will continue to participate in Provincial consultations related to the transition of the Blue Box Program to full producer responsibility.
- The Region expects to save over \$10 million per year once the program transitions.
- More details are required to fully inform Council decision making on the impact of the transition on Peel's waste management system. As more details become known, staff will provide an update through a future Council report.

DISCUSSION

1. Background

The *Waste-Free Ontario Act, 2016* provides for the use of extended producer responsibility programs. The Strategy for a Waste-Free Ontario: Building the Circular Economy, 2017 indicated that the Blue Box program would transition to full producer responsibility by 2023.

UPDATE ON THE TRANSITION OF THE BLUE BOX PROGRAM TO FULL PRODUCER RESPONSIBILITY

The Province's Made-in-Ontario Environment Plan, 2018 further committed to moving Ontario's waste diversion programs to a full producer responsibility model.

Since 2016, Regional Council has supported the transition of the Blue Box program to full producer responsibility. Peel was one of the first municipalities to advocate for early transition of the Blue Box program to full producer responsibility and continues to support transition, on terms that are fair and equitable to Peel and other stakeholders.

The Province appointed Mr. David Lindsay as Special Advisor on Recycling and Plastic Waste on June 7, 2019. The Minister's mandate letter to Mr. Lindsay directed him to mediate stakeholder consultations and provide advice on the transition of the Blue Box program to full producer responsibility. A copy of the Minister's mandate letter is attached as Appendix I.

Staff has been directly engaged in the process to date, participating in consultation sessions with the Ministry and Special Advisor.

2. Special Advisor's Report and Recommendations

The Special Advisor submitted his report and recommendations to the Minister on July 20, 2019. The Ministry of the Environment, Conservation and Parks released the Special Advisor's final report on August 6, 2019. The report will inform the Ministry's next steps in improving the Blue Box program through cost reduction, increased waste diversion, and a reduction in plastic waste and litter.

Overall, staff are generally supportive of the Special Advisor's final recommendations including:

- Transitioning the program by 2025;
- Ensuring there is a seamless transition for residents;
- Standardizing Blue Box materials;
- Setting material specific targets; and
- Providing collection wherever it was provided by municipalities prior to transition.

A table summarizing some notable recommendations based on the feedback garnered through the mediation process is included in Appendix II. The table also highlights the Region's position as related to each recommendation. The full list of the recommendations is in the Special Advisor's report included as Appendix III.

3. Wind-up Letters

The Minister issued direction letters to Stewardship Ontario and the Resource Productivity and Recovery Authority on August 15, 2019. The letters outline the next steps and timelines to gradually transition the Blue Box program in accordance with the recommendations of the Special Advisor. Key milestones include:

- Regulation finalized by the end of 2020 or early 2021.
- Producers organize and plan new system by end of 2022.

UPDATE ON THE TRANSITION OF THE BLUE BOX PROGRAM TO FULL PRODUCER RESPONSIBILITY

- Municipal Blue Box programs transition to full producer responsibility between January 2023 and December 2025, with roughly one third of the provincial Blue Box tonnage transitioning each year.

The issuance of the wind-up direction letters is a significant milestone as they begin the formal transition process and set timelines that parties can use for planning. The wind-up letters are included as Appendix IV.

It is expected that Stewardship Ontario and the Resource Productivity and Recovery Authority will consult on the proposed wind-up plans in late 2019 or early 2020. The Ministry will consult on a new Blue Box regulation in early 2020. Staff intends to remain engaged in these consultations.

4. Potential Impact of Peel's Waste Management System

The Region will benefit financially from the transition of the Blue Box program to full producer responsibility. Peel expects to save over \$10 million per year once the program transitions.

The development of a new Blue Box regulation will establish the service level standards for producer responsibility programs as well as the scope of material for which producers will have responsibility. Producers or Producer Responsibility Organizations will determine if they will approach municipalities to provide Blue Box services or not.

While more details are required to fully inform Council decision making, staff have identified the following areas of Peel's waste management system that may be impacted by the transition of the Blue Box program to full producer responsibility:

- Service delivery (e.g. Peel's role, Producers' role, Producer Responsibility Organization's role)
- Service levels (e.g. changes to recycling collection schedule, materials accepted and not accepted in the program)
- Waste collection and processing contracts
- Management of existing assets (e.g. Material Recovery Facility, Community Recycling Centres and recycling carts)

Staff will assess Peel's service delivery options, review existing waste collection and processing contracts, and assess the value of assets to identify the full impact of the transition.

The transition is intended to be seamless for residents, ensure access to existing services is not negatively impacted, and that there are province-wide services available.

It is important to note that the Region will continue to be responsible for managing garbage, organics and yard waste programs. Also, designated materials that are not captured through the new Blue Box program and end up in the garbage will continue to be Peel's responsibility to manage, both operationally and financially.

UPDATE ON THE TRANSITION OF THE BLUE BOX PROGRAM TO FULL PRODUCER RESPONSIBILITY

5. Next Steps

Staff will remain active with the Ministry and relevant stakeholders on the Blue Box program transition process.

As details for the Blue Box program wind-up and regulation becomes available staff will report back to Council on the impact on Peel's waste management system, cost analysis, and proposed next steps for Council direction.

One key step will be for Municipalities to indicate their preferred transition year (i.e. 2023, 2024 or 2025). Council has taken the position that Peel should transition as early as possible (i.e. 2023). From a financial perspective, it makes sense for Peel to transition as early as possible since Peel would save over \$10 million per year once transitioned. There are, however, other considerations and risks that must be factored into the timing decision. Staff will assess the costs, benefits and risks of transitioning in each of the three years and advise Regional Council accordingly.

In the meantime, staff recommends that the Regional Chair, on behalf of Regional Council, write to the Minister to thank him for issuing the wind-up direction letters, and to reiterate Peel's position that the transition should be as fast as possible. The letter should also ask the Minister to ensure the regulation does not reduce the environmental or performance outcomes recommended by the Special Advisor and to ensure there is adequate oversight of producers as provided for under the Act and currently provided by the Resource Productivity and Recovery Authority.

RISK CONSIDERATIONS

The Region of Peel welcomes the transition of the Blue Box Program to full producer responsibility; however, it is important to note that the transition may pose the following risks:

- The transition to full producer responsibility may or may not roll-out according to the timelines proposed in the Special Advisor's report. A delay in transition may require continued investment in the Blue Box program by Peel until the program is fully transitioned to maintain uninterrupted delivery of Peel's Blue Box program. To mitigate this risk, staff is working closely with producers and the Ministry to keep the transition on track and to be aware of any delays early on.
- Peel's preferred role in service delivery under the new Blue Box program may change as a result of the negotiations with producers, services providers and producer responsibility organizations. To mitigate this risk, staff is identifying risks and benefits of various potential roles for Peel. Staff is engaging in early discussions with service providers and producers to understand options and the role Peel may play.
- Peel's existing waste assets may or may not be utilized by producers as part of the new Blue Box program. This increases the risk of Peel's existing waste assets becoming stranded and diminishing in value. To mitigate this risk, staff is engaged in early discussions with service providers and producers to understand the potential role of Peel's assets and position our assets to be attractive (e.g. upgrades to MRF).

UPDATE ON THE TRANSITION OF THE BLUE BOX PROGRAM TO FULL PRODUCER RESPONSIBILITY

- Change in service level or communications as a result of producers implementing the new Blue Box program. This increases the risk of residents incorrectly sorting recyclable materials that may end up in Peel's garbage stream. To mitigate this risk, staff will be engaged in the regulation writing process to ensure customer service is addressed. Staff will also be considering options for Peel's involvement to ensure good service levels.

FINANCIAL IMPLICATIONS

There are no financial implications resulting from this report.

CONCLUSION

Transitioning the Blue Box Program to full producer responsibility will be a multi-stage process that will involve many opportunities for Peel's engagement. Staff will continue to participate in consultations related to the transition of the Blue Box Program to full producer responsibility. Staff will report with updates on the Blue Box transition as details become known and to seek Council direction as appropriate.



Andrew Farr, Acting Commissioner of Public Works

Approved for Submission:



N. Polsinelli, Interim Chief Administrative Officer

APPENDICES

- Appendix I - Special Advisor's Mandate Letter June 2019
- Appendix II - Summary of Special Advisors Recommendations
- Appendix III - Special Advisors Report July 2019
- Appendix IV - Wind-up Letter Stewardship Ontario and Resource Productivity and Recovery Authority August 2019

For further information regarding this report, please contact Norman Lee, Director, Waste Management, extension 4703, norman.lee@peelregion.ca.

Reviewed in workflow by:
Financial Support Unit

Ministry of the Environment,
Conservation and Parks

Ministère de l'Environnement,
de la Protection de la nature et des
Parcs

Office of the Minister

Bureau du ministre

777 Bay Street, 5th Floor
Toronto ON M7A 2J3
Tel.: 416-314-6790

777, rue Bay, 5^e étage
Toronto (Ontario) M7A 2J3
Tél. : 416.314.6790



June 7, 2019

Dear Mr. Lindsay,

I would like to express my appreciation to you for agreeing to volunteer to help the people of Ontario and their government tackle the serious problem of plastic pollution, a key commitment in the Made-in-Ontario Environment Plan.

Ontario families take pride in doing their part for the environment. Ontarians are leaders in Canada in reducing greenhouse gas emissions and our own city of Kitchener was the birthplace of the world's first Blue Box program. Knowing this, I was disappointed to learn that, while Ontario families do their part by diligently sorting their recycling, government and industry are failing them.

Today, Ontario's recycling rates have been stalled for 15 years and up to 30% of what is put into blue boxes is sent to landfill. Some of Ontario's plastic litter and waste is being shipped across the ocean to the Philippines and Malaysia. Meanwhile, plastic and other litter is increasingly plaguing our parks, highways, rivers and lakes.

This is unacceptable—both industry and government must do better.

It is for these reasons that I look forward to you providing me with advice on how to improve recycling through the Blue Box Program and better manage plastic pollution.

In addition, I ask that your work be guided by the following public policy objectives:

- Standardization across the province of what can be recycled in offices, parks, public spaces and homes;
- Improve diversion rates and increase what materials can be recycled;
- Reduce litter and waste in communities and parks;
- Improve Ontario's Blue Box program by requiring producers to pay for the recycling of the products they produce, through achieving producer responsibility; and
- Maintain or improve frequency of Blue Box collection.
- When increasing diversion in the residential sector, consider how these policies can also enable diversion in the institutional, commercial and industrial sector.

UPDATE ON THE TRANSITION OF THE BLUE BOX PROGRAM TO FULL PRODUCER RESPONSIBILITY

Your work will consist of two roles: a mediation role where you, as an impartial mediator, will foster discussion and help producers, municipalities and other stakeholders to move closer to or reach agreement on key issues; and an advisory role, where you will provide me with advice on how these issues may be best addressed to ensure Ontario's recycling system is more consistent, reliable and cost-effective for Ontarians.

To assist you in this work, I have also requested a jurisdictional review on how leading jurisdictions are employing innovative technologies to improve recycling efficiency and diversion rates for you to consider.

The current Blue Box Program has been in place since the 1980s and had great early, world-renowned success in recovering residential printed paper and packaging for recycling. In recent years, however, waste diversion rates have stalled in Ontario and been surpassed in other provinces. Meanwhile the costs to operate the program are rising.

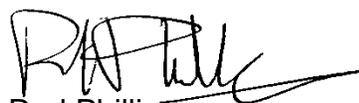
While many countries used to take our recycled material, they are increasingly shutting their doors. In 2018, China launched "National Sword", a policy which bans the importation of many recycled plastics and other materials – including from Ontario. This has resulted in increased recycling costs, increased material being sent to landfill, and more plastic litter and waste in our communities.

Mandating producer responsibility will allow for a province-wide obligation for producers to pay for and manage their materials. It will also allow for a single common list of what can be recycled across the province. This system is a cost-effective and accountable way to promote innovation and to make sure that Ontarians' efforts to recycle are more effective, resulting in increased recycling and diversion rates.

At the conclusion of your work, please provide me with a report that outlines where the parties reached agreement and your recommendation on how to address any outstanding issues by July 20, 2019.

Thank you again for volunteering your time to help government and industry live up to the expectations of Ontarians when it comes to plastic pollution and recycling.

Regards,

A handwritten signature in black ink, appearing to read "Rod Phillips", with a long horizontal flourish extending to the right.

Rod Phillips
Minister

**APPENDIX II
UPDATE ON THE TRANSITION OF THE BLUE BOX PROGRAM TO FULL PRODUCER
RESPONSIBILITY**

SUMMARY OF SPECIAL ADVISOR'S NOTABLE RECOMMENDATIONS

Timeframe for Transition	
Special Advisor's Recommendation	<p>Transition should occur over a six-year period according to the following approximate timelines (i.e., from 2019 through 2025):</p> <ul style="list-style-type: none"> • Before the end of 2019: Minister issues transition direction to Stewardship Ontario outlining the timeline for transition. • Over a one to one-and-a-half-year period (e.g., 2019-2020): Government consults on, and finalizes, regulations that specify how the blue box will move to producer responsibility. • Over a two-year period (e.g., 2021-2022): Producers prepare to assume responsibility for the blue box and engage all parties, including municipalities and service providers. • Over a three-year period (e.g., 2023-2025): Phased transfer of responsibility from municipalities to producers that transitions a similar amount of waste over each year.
Peel Position	<ul style="list-style-type: none"> • Municipalities, including Peel, advocated for a 5 year transition period while producers advocated a longer one. The Special Advisor acknowledged that the transition includes a number of steps, which will each take time, and recommended a 6 year timeframe. The Special Advisor's recommendation represents a fair and reasonable balance and staff recommends that it be endorsed.

**APPENDIX II
UPDATE ON THE TRANSITION OF THE BLUE BOX PROGRAM TO FULL PRODUCER
RESPONSIBILITY**

SUMMARY OF SPECIAL ADVISOR'S NOTABLE RECOMMENDATIONS

Ensuring a Common Collection System	
Special Advisor's Recommendation	<p>Regulations should maintain blue box collection as an essential part of any collection system, but also allow producers the flexibility to collect some packaging through other methods.</p> <p>Taken together, the blue box and other methods will create a common collection system that will give producers access to the materials they need to recycle and will ensure that the people of Ontario have uninterrupted service across the province during the transition period.</p>
Peel Position	Municipal representatives support this recommendation.
Transitioning Municipal Assets	
Special Advisor's Recommendation	<p>Parties agreed that if producers are given full responsibility and accountability, they must have control to decide which assets will be used in a future collection and management system. Producers should not be forced to use, or pay for, municipal assets they do not need.</p> <p>Parties agreed that municipalities must be able to bid fairly on future services for producers, and municipalities may decide whether, and how, their existing assets may be part of their bids.</p>
Peel Position	<p>This recommendation is consistent with the principles set out in the Waste-Free Ontario Act and the Made-in-Ontario Environment Plan. Producers must be given decision making power to be held accountable. That said, there must be strong independent oversight for the program to succeed.</p> <p>Municipal representatives support this recommendation as long as there is a strong independent oversight, such as that provided by the Resource Productivity and Recovery Authority.</p>

**APPENDIX II
UPDATE ON THE TRANSITION OF THE BLUE BOX PROGRAM TO FULL PRODUCER
RESPONSIBILITY**

SUMMARY OF SPECIAL ADVISOR'S NOTABLE RECOMMENDATIONS

Standardizing What's in the Blue Box	
Special Advisor's Recommendation	<p>Regulations should make producers responsible for all printed paper and packaging they put into the market by setting clear goals for diversion from landfill, but they should provide flexibility for producers to identify the best way to achieve these goals.</p> <p>Regulations should establish a standard list of blue box materials that must be collected through blue boxes across Ontario, and also allow producers to use other methods to meet or supplement diversion requirements.</p> <p>Regulations should establish a transparent process that will allow producers to change which materials are collected in the blue box versus other methods.</p>
Peel Position	Municipal representatives support this recommendation.
Determining Eligible Sources for Blue Box Materials	
Special Advisor's Recommendation	<p>Producers should provide blue box collection wherever it was provided by municipalities or Indigenous communities as of a specified date and going forward they will provide blue box service for new residential developments.</p> <p>After completing transition, producers should gradually expand collection in multi-residential buildings, as well as parks and public spaces where municipalities provide waste collection.</p>
Peel Position	<p>Municipal representatives agree that current sources of Blue Box materials should be included in the new Blue Box Program.</p> <p>The Minister's wind-up letters include direction that aside from growth, Blue Box programs not be expanded.</p>

**APPENDIX II
UPDATE ON THE TRANSITION OF THE BLUE BOX PROGRAM TO FULL PRODUCER
RESPONSIBILITY**

SUMMARY OF SPECIAL ADVISOR'S NOTABLE RECOMMENDATIONS

Setting Effective Diversion Targets	
Special Advisor's Recommendation	<p>A single, overall blue box target is neither workable nor effective. The province should consult to identify specific targets for different types of printed paper and packaging material.</p> <p>The categories should be specific enough that they can be used to identify materials that have low diversion rates, so that action can be taken to improve diversion.</p>
Peel Position	<p>Municipal representatives agree that targets for individual materials are needed to identify and act on problematic packages.</p>
Promoting Increased Diversion from Landfill	
Special Advisor's Recommendation	<p>Reduce, reuse, recycle should count as diversion. That is, processes that continue to make materials available as a resource for new products or packaging should be considered diversion.</p> <p>Incineration and energy-from-waste should not count as diversion.</p> <p>The body of the Special Advisor's report includes the following advice with regards to chemical and advanced thermal treatment:</p> <p>“Regulations should be responsive to new advances in recycling technology. The province should use the principle of “keeping the molecule in play” when considering which recycling technologies should count as diversion. “Keeping the molecule in play” is about extending the life and use of materials as long as possible. Technologies and processes that go beyond traditional recycling methods to turn materials into new products should be encouraged.</p> <p>Technologies that involve the destruction of</p>

**APPENDIX II
UPDATE ON THE TRANSITION OF THE BLUE BOX PROGRAM TO FULL PRODUCER
RESPONSIBILITY**

SUMMARY OF SPECIAL ADVISOR'S NOTABLE RECOMMENDATIONS

	the molecule to create energy-from-waste should not count as diversion. However, there may be a role for this as part of the solution for diverting the amount of waste that is sent to landfills where reduction, reuse, and recycling efforts have been exhausted.”
Peel Position	While municipal representatives agreed that incineration should not count as 3Rs diversion there was some agreement on the need to consider chemical and advanced thermal treatment.
Thinking Bigger than the Blue Box	
Special Advisor's Recommendation	Co-ordinated, province-wide promotion and education is critical to build upon our blue box culture, reduce litter, and make waste reduction a part of everyday life.
Peel Position	Municipal representatives agree.

**RENEWING THE BLUE BOX:
FINAL REPORT ON THE BLUE BOX MEDIATION PROCESS**

Prepared for:

The Honourable Jeff Yurek
Minister of the Environment, Conservation and Parks

MPP Elgin-Middlesex-London

Prepared by:

Mr. David Lindsay
Special Advisor on Recycling and Plastic Waste

Date:

July 20, 2019

Table of Contents

Letter of Transmittal.....	3
Executive Summary.....	5
1. Introduction.....	11
2. Where Ontario is now – background on the Blue Box	13
3. Where Ontario wants to go – Producer Responsibility	17
4. Mediation Process.....	20
5. Mediation Results	23
5.1 A measured timeframe for transition	23
5.2 Ensuring a common collection system.....	25
5.3 Transitioning municipal assets.....	27
5.4 Standardizing what’s in the Blue Box.....	28
5.5 Determining eligible sources for Blue Box materials	31
5.6 Setting effective diversion targets	32
5.7 Promoting increased diversion from landfill.....	34
6. Mediation Recommendations.....	36
6.1 A measured timeframe for transition	36
6.2 Ensuring a common collection system.....	39
6.3 Transitioning municipal assets.....	42
6.4 Standardizing what’s in the Blue Box.....	42
6.5 Determining eligible sources for Blue Box materials	44
6.6 Setting effective diversion targets	45
6.7 Promoting increased diversion from landfill.....	46
7. Thinking bigger than the Blue Box	48
Conclusion.....	53
Appendix A – Mandate Letter	55
Appendix B – Mediation Participants and Process.....	57

Letter of Transmittal

Minister Yurek:

In a mandate letter I received from Minister Phillips on June 8, 2019 (Appendix A) I was asked to provide the government with advice and recommendations by July 20, 2019 on how to improve recycling through the Blue Box Program and better manage plastic pollution.

This report is a product of a series of meetings I had the honour to facilitate between representatives of the municipal sector and the producer sector over a period of six weeks during the months of June and July 2019.

This report is designed to assist you in developing a path forward. This public policy journey will require careful implementation over a reasonable timeline to ensure continuity of service for residents and effective and efficient delivery of sound economic and environmental outcomes.

I was not able to meet with all those who asked but did receive valuable input from a broad range of stakeholders. Some of that input is reflected in the body of this report but ministry staff have a complete record of the submissions received and I know they will draw upon that input as they work with you to develop the next steps in this process.

This is a very complex issue and I thank all those who participated in this process for helping to identify areas of consensus and areas which will require further work. I particularly want to thank the staff of the Resource Policy Recovery Branch who helped gather the background information, worked tirelessly to help prepare the meeting materials and put in the extra effort to deliver this report on time.

This report, and the six-week mediation process that preceded it, is only one small step in a complex process which will require the co-operation and input of literally hundreds of municipalities, Indigenous communities, producers, haulers and processors. But, based on the participation of those involved in this process, and others with whom I spoke, I believe there is a strong momentum and genuine will to succeed.

While engaged in these consultations I was also pleased to hear the commitment and interest of family, friends and work colleagues when they learned of my involvement in this project. Many people told me stories of going on trips to some states south of the border and being surprised that there is not an option to recycle waste. They spoke with pride about the Ontario Blue Box. I also heard from other Ontarians that the Europeans have

strong targets for waste diversion that could be considered in Ontario. The culture of wanting to do good for the environment is strong in Ontario and this sense of pride and commitment to the Ontario Blue Box program by all citizens will be important for the ongoing success of our recycling efforts.

We have a unique opportunity to help rebuild the Blue Box. Citizens value the Blue Box program and want to do their part to reduce waste. Producers embrace responsibility for the packaging they produce. Municipalities are ready to transition Blue Box programs. People of goodwill are ready to take the next steps. I hope you find this report helpful.

Thank you for the opportunity to make a contribution.

David Lindsay

July 20, 2019

Executive Summary

The people of Ontario are committed to doing their part to keep our communities clean and protect our environment and wildlife. They recognize that we create too much waste and don't recycle enough. They want products and packaging that result in less waste, and they want to do their part in diverting waste from landfill. They believe that every time they put something in the Blue Box, they are reducing litter and waste and improving the environment.

However, with the rapidly evolving mix of printed paper and packaging, the materials that go into the Blue Box have changed. The economics of Blue Box recycling are more challenging than ever before. As a result, Ontario's recycling rates have been stalled for 15 years and up to 30 percent of what is put into the Blue Box can sometimes be sent to landfill. Ontario's Blue Box system needs creative and sustainable solutions if it is to continue to have Ontarians' confidence and pride as a world-leading recycling system.

Making producers responsible for the waste generated from their products and packaging is a key commitment of this government's Made-in-Ontario Environment Plan. Municipalities and producers agree that producers are best suited to find innovative and cost-effective ways to divert the printed paper and packaging they use.

New regulations are needed to move the Blue Box program to producer responsibility, however, some outstanding issues need to be addressed before the province can set the stage for an effective transition.

This mediation process was established to help the municipalities and producers see past prior disputes and re-focus on solutions for a successful transition to producer responsibility.

Seven key issues were identified for discussion by the parties:

- A measured timeframe for transition
- Ensuring a common collection system
- Transitioning municipal assets
- Standardizing what's in the Blue Box
- Determining eligible sources for Blue Box materials
- Setting effective diversion targets
- Promoting increased diversion from landfill

Parties were able to achieve consensus in many areas, and some topics will need more time than was available to reach agreement. Based on the consensus achieved, and on the conversations and perspectives shared by all participants in this mediation process, I am providing the province with

recommendations that will help inform a planned, successful transition to producer-run recycling services for Ontarians.

Transitioning the Blue Box program will be a multi-stage process that will involve many opportunities for stakeholder and public input. This mediation process is only the first step to identify and develop a common understanding of key operational issues that need to be addressed to provide a clear path forward for transition. After this mediation process, the province will need to consider the advice given and chart a path for Blue Box transition that will include further public consultation.

A measured timeframe for transition

A clear and consistent timeline is needed to make it easier for all parties to effectively manage change.

Recommendations:

- Transition should occur over a six-year period according to the following approximate timelines (i.e., from 2019 through 2025):
 - Before the end of 2019: Minister issues transition direction to Stewardship Ontario outlining the timeline for transition.
 - Over a one to one-and-a-half-year period (e.g., 2019-2020): Government consults on, and finalizes, regulations that specify how the Blue Box will move to producer responsibility.
 - Over a two-year period (e.g., 2021-2022): Producers prepare to assume responsibility for the Blue Box and engage all parties, including municipalities and service providers.
 - Over a three-year period (e.g., 2023-2025): Phased transfer of responsibility from municipalities to producers that transitions a similar amount of waste over each year.
- The province should provide transition direction and begin gathering the necessary information as early as possible to help all parties plan for the new producer responsibility framework.
- The province should issue a consultation document to provide additional information and clarification when consulting on the draft regulations.
- To provide the certainty needed to kick-start planning for transition, the timeline should provide early notification of the government's plan for producer responsibility, expedited development of producer responsibility regulations, and sufficient time for municipalities and producers to prepare.

Ensuring a common collection system

The province has been clear that transitioning the Blue Box to full producer responsibility must not negatively impact the recycling services that the people of Ontario use every day.

Recommendations:

- Regulations should maintain Blue Box collection as an essential part of any collection system, but also allow producers the flexibility to collect some packaging through other methods.
- Taken together, the Blue Box and other methods will create a common collection system that will give producers access to the materials they need to recycle and will ensure that the people of Ontario have uninterrupted service across the province during the transition period.
- The regulation-making process will determine how this collection system is to be established. The complexity of doing so should not be underestimated, which is why I recommend that the first step must be to collect and analyse the information on the existing Blue Box and recycling system in Ontario. This information could include:
 - Programs and collection methods operated by municipalities.
 - Populations serviced by Blue Box programs.
 - Expiry of municipal collection contracts and lifespan of waste facilities.
 - Municipal readiness to transition.
 - Location of waste transfer, sorting and processing facilities.
 - The volumes and flows of collected printed paper and packaging.
- The province should consider retaining expert advice to analyse the collected information and provide a recommendation on how best to proceed with transitioning services. This information will inform regulation development and facilitate producer preparation.

Transitioning municipal assets

Municipalities have made significant investments in facilities and equipment to collect, sort, transfer and process Blue Box materials. As producers develop an efficient province-wide collection system, some municipal infrastructure may no longer be needed. The certainty on timing and the ability for municipalities to fairly bid in a competitive process on future services for producers was key to achieving consensus on how to deal with transitioning municipal assets.

Recommendations:

- Parties agreed that if producers are given full responsibility and accountability, they must have control to decide which assets will be used in a future collection and management system. Producers should not be forced to use, or pay for, municipal assets they do not need.
- Parties agreed that municipalities must be able to bid fairly on future services for producers, and municipalities may decide whether, and how, their existing assets may be part of their bids.

Standardizing what's in the Blue Box

It should be easier for Ontarians to understand what's recyclable and what's not. A common collection system should have a standard list of materials.

Recommendations:

- Regulations should make producers responsible for all printed paper and packaging they put into the market by setting clear goals for diversion from landfill, but they should provide flexibility for producers to identify the best way to achieve these goals.
- Regulations should establish a standard list of Blue Box materials that must be collected through Blue Boxes across Ontario, and also allow producers to use other methods to meet or supplement diversion requirements.
- Regulations should establish a transparent process that will allow producers to change which materials are collected in the Blue Box versus other methods.
- Producers should be encouraged to use other methods to divert materials that cannot be recycled by the Blue Box or that might contaminate collected materials.

Determining eligible sources for Blue Box materials

Ontarians generally associate Blue Boxes with curbside or depot collection, but in most communities the Blue Box program extends to multi-residential buildings, some businesses, and sometimes parks and other public spaces. Transition must consider whether and when it makes sense for producers to be responsible for Blue Box services beyond curbside or depot collection.

Recommendations:

- Producers should provide Blue Box collection wherever it was provided by municipalities or Indigenous communities as of a specified date, and going forward they will provide Blue Box service for new residential developments.
- After completing transition, producers should gradually expand collection in multi-residential buildings, as well as parks and public spaces where municipalities provide waste collection.
- Blue Box services should not be expanded to industrial, commercial and institutional establishments as these facilities already have their own waste servicing arrangements and existing contracts for diversion. In addition, recycling in these facilities is covered by a different regulatory framework at this time.
- It is important that Ontarians have similar opportunities to recycle whether they are at home, work or out in public. The province should review and modernize the regulatory framework for industrial, commercial and institutional facilities to improve overall diversion rates in Ontario and to better align the kinds of materials recycled in this sector with the materials that are recycled through the Blue Box.

Setting effective diversion targets

Regulated and enforceable targets are necessary to set a level playing-field and ensure that the Blue Box system strives to achieve meaningful environmental outcomes.

Recommendations:

- A single, overall Blue Box target is neither workable nor effective. The province should consult to identify specific targets for different types of printed paper and packaging material.
- The categories should be specific enough that they can be used to identify materials that have low diversion rates, so that action can be taken to improve diversion.
- The province should set targets that will drive diversion and challenge the ingenuity of Ontario's industry to innovate and find new efficiencies and cost-savings.
- Targets should progressively increase over time to ensure that Ontario's recycling services continue to innovate and evolve.

Promoting increased diversion from landfill

What goes in the Blue Box should be reused or recycled – and not go to landfill. A producer-run Blue Box system must motivate producers to maximize reuse and recycling, while leaving room for innovative ways to divert emerging and problematic materials from landfill.

Recommendations:

- Reduce, reuse, recycle should count as diversion. That is, processes that continue to make materials available as a resource for new products or packaging should be considered diversion.
- Incineration and energy-from-waste should not count as diversion.
- Don't lose sight of the first R – reduction. Where feasible, producer responsibility regulations should recognize and reward producers for reducing waste and improving their environmental performance.

Thinking bigger than the Blue Box

The transition of the Blue Box to producer responsibility is an opportunity for additional actions to increase waste diversion, reduce litter, and build a recycling economy in Ontario.

Recommendations:

- Co-ordinated, province-wide promotion and education is critical to build upon our Blue Box culture, reduce litter, and make waste reduction a part of everyday life.
- Ontario should take strong action to reduce plastic pollution and be a voice for decisive, focused, and co-ordinated action at both the national and international level. All parties must not lose sight of the fact that packaging is only one part of our plastics problem.
- The province should ensure that all ministries work together to develop a collaborative plan for Ontario to become a leading jurisdiction for innovation and economic growth in the recycling industry.

1. Introduction

The people of Ontario are concerned about waste.

Ontarians take great pride in their natural environment and are dismayed when they find litter and plastic waste polluting our parks and waterways.

Residents want to create less waste and see the waste they do create recycled into new products. But the goods they use every day often can't be reused, are confusing to recycle, or end up in the environment or a landfill. Ontarians want to take meaningful action to keep plastic and litter out of our environment, and they want those responsible for the products and packaging to take real steps to help them do this. They believe that recycling should be convenient, accessible, and understandable. I think they're right.

The people of Ontario are not alone. Global momentum is building as governments, businesses, and citizens look to reduce waste, increase diversion, and improve how we recycle.

Major multi-national corporations have adopted strong commitments to make their products more recyclable and make the use of plastics more sustainable. Governments around the world are looking at ways to drive permanent shifts in behavior that make recycling systems self-sustaining and our economies more competitive.

Producer responsibility is an essential tool for changing waste into a resource that can be reused and recycled into new and valuable products.

Making producers responsible for the waste generated from their products and packaging is a key commitment of this government's Made-in-Ontario Environment Plan.

When producers – the companies that design, create, and market products and packaging – are responsible for diverting the waste from their goods, they have incentives to redesign their products, make them easier to recycle, and use more recyclable materials. Producers can reintegrate these wastes into new products from reliable streams of recovered materials.

Ontario is home to the world's first curbside recycling systems. The Blue Box program began in Kitchener in 1981 and over the last 38 years the program has become a source of pride for Ontarians. Municipalities and Indigenous communities across Ontario deliver the Blue Box services, funding 50 percent of the program costs. Producers fund the other half.

All parties agree that it is time to transition the Blue Box to producer responsibility. This way, producers can build on our history of curbside

recycling to make services more efficient, return materials back into the economy, and reach our common goals to reduce waste and increase recycling. Municipalities and Indigenous communities will continue to have access to recycling programs that help residents send less to landfill.

New regulations are needed to move the Blue Box program to producer responsibility, however, some outstanding issues need to be addressed before the province can set the stage for an effective transition.

I was retained by the province to act as an impartial mediator to foster discussion and help producers, municipalities and other stakeholders move closer to or reach agreement on key issues. I was also tasked with providing advice on how these issues may be best addressed to ensure our recycling system is more consistent, reliable and cost-effective for Ontarians. This report contains my findings and recommendations on both the Blue Box mediation and broader improvements to recycling in Ontario.

Over the course of these discussions it became clear that improving the Blue Box program is bigger than landing the next steps for the transition to producer responsibility. It is an economic opportunity for our province. All participants agreed that the waste generated here in Ontario has the makings of an important economic resource. When we do it right, the transition of the Blue Box program will support innovation, job growth, and a strong recycling economy in Ontario.

The people of our province want to do their part in finding solutions to some of our most pressing environmental concerns, including the issue of plastic litter and waste, and they believe that optimizing the Blue Box program is a part of the solution.

They believe that every time they put something in the Blue Box they are reducing litter and waste and improving the environment. I think these expectations are reasonable and commendable. Ontario's government, municipalities and industry are committed to doing more with waste and demonstrating leadership in recycling.

We must recognize the complexity of transitioning the Blue Box to producer responsibility.

Municipalities, producers and residents all want to make sure that this transition not only maintains continuous Blue Box service, but also sets up the system to create better recycling outcomes and divert more materials from landfill.

2. Where Ontario is now – Background on the Blue Box

I was proud to learn that the Blue Box is an Ontario innovation. Throughout the mediation process, I was impressed at the ingenuity and commitment of municipalities and businesses in pioneering recycling in Ontario.

Ontario's municipalities set up the world's first curbside recycling systems, beginning in Kitchener in 1981. This sparked demand for curbside recycling across the province and other municipalities followed suit. In 1994, the province issued Ontario Regulation 101/94 which requires municipalities with a population of at least 5,000 to operate Blue Box services.

Curbside Collection in Ontario

Ontario Regulation 101/94 under the *Environmental Protection Act* sets out requirements for municipalities to establish and operate curbside Blue Box programs to collect five standard materials including newspapers, glass bottles/jars, steel cans, aluminium cans, plastic PET bottles as well as a minimum of two other materials (e.g., boxboard, cardboard, fine paper, plastic film, rigid plastic). In 2017 the Blue Box Program recovered 61.3 percent of Blue Box materials.

Financial support was formalized through the *Waste Diversion Act, 2002*, which required producers of printed paper and packaging managed by the Blue Box to fund up to 50 percent of municipal net operating costs. This arrangement, operationalized by the Blue Box Program Plan, remains in effect to this day under the *Waste Diversion Transition Act, 2016*. The producers' funding obligation for 2019 is \$126.4 million.

At the mediation table, I heard strong agreement that the time is right for the Blue Box to evolve. Participants agreed that recycling has changed since these systems began in the early 1980s. The Blue Box needs to be modernized to address today's demands and challenges, and to set the stage for this province to benefit from the resources in our waste.

Our diversion rates have stalled.

The people of Ontario expect the Blue Box program to keep printed paper and packaging out of their communities and environment.

Ontario's Blue Box program used to be a world leader. But Blue Box diversion rates have stalled around 60 percent for more than a decade. That's a system-wide number averaged across all materials collected. For some hard-to-

recycle materials, the diversion rate can be less than 10 percent of what was supplied into Ontario; for these materials, a lot of this packaging is ending up in our landfills or our environment.

Printed paper and packaging materials have evolved.

Ontario Regulation 101/94 – the regulation that sets the minimum collection list – hasn't changed since 1994, but the materials we want to divert every day have evolved. For many items, glass or steel containers have been replaced by plastics. And as packaging has evolved, much of it has become harder to recycle by traditional methods.

From collection to contaminant: Materials that cause problems for Blue Box systems

<p>Black Plastic</p> <p>Many recycling systems cannot sort and remove black plastics.</p>	<p>Plastic Films</p> <p>Films, wraps, and bags can disrupt recycling equipment and are costly to recycle.</p>	<p>Laminates</p> <p>Packaging made up of multiple layers of different materials is difficult to recycle.</p>	<p>Polystyrene</p> <p>Foam-based food packaging is often too lightweight and too soiled for cost-effective recycling.</p>
--	--	---	--

The economics of recycling have changed.

Selling collected materials was supposed to cover the costs of recycling. Changes in markets for collected materials, however, make this a challenge. Whereas newspaper was once the mainstay of Blue Boxes across the province, the digital revolution has vastly reduced the volumes and markets for newspaper in North America. Plastic films are expensive to recycle and revenues do not cover costs. Adjusting for inflation, the average cost of recycling a tonne of Blue Box materials increased by 50 percent from 2003 to 2017.

Today, materials are sent across the world for processing. This means that municipalities are affected by the ups and downs of economic events well beyond their borders.

Some countries are restricting the import of recyclables. China banned 24 materials from being imported for recycling, effective January 1, 2018. As China represents the largest end-market for the world's scrap materials, this ban has created cost pressures for Blue Box programs as municipalities have limited options for processing their collected materials. As part of the ban, China also announced a new 0.5 percent contamination rate standard for materials which it will accept. Contamination rate refers to the percentage of non-grade or resin-specific materials that are contained in the bale or container of materials.

When foreign jurisdictions restrict imports of collected materials or require higher-quality materials, as was recently done in China, municipalities can be left with materials they can't sell. One oily pizza box can make a bale of paper too contaminated to recycle. If Ontario is going to continue to run the Blue Box system, it needs to be cleaned up so that the materials it collects can go back into our economy.

Price Drop: Impact of import restrictions on prices for recyclables

Price Changes for Blue Box Materials 2017-2019

Plastic film	-62%
Corrugated cardboard	-52%
Newspaper	-53%
Aluminum cans	-21%

The people of Ontario want to do more.

Building confidence in recycling is about building a better Blue Box. Participants in the mediation recognized that the people of Ontario want to recycle as wide a range of printed paper and packaging as possible – not only the materials they grew up recycling but also the ones they generate today. But in some cases, up to 30 percent of what's collected in some Blue Boxes can be sent to landfill.

Citizens are confused as to why they can't use the Blue Box to recycle the same materials in different communities. Residents want to know that what goes in the Blue Box gets recycled. They want their recycling efforts to have environmental benefits and economic value. We need to clean up the Blue Box so that the people of Ontario can be confident that when they recycle they are diverting waste from landfill.

Consistency is Key: Managing a take-out coffee cup in Ontario

Municipality	Paper Cup	Plastic Lid
Hamilton	Green bin	Garbage
Burlington	Green bin	Blue Box
Mississauga	Garbage	Garbage
Toronto	Garbage	Blue Box (black plastic not accepted)
Markham	Blue Box	Garbage

Both municipalities and producers recognize the opportunity to create new markets for recyclables here in Ontario. By collecting higher quality materials – with less contamination – we can make recyclables more valuable. As collected materials become worth more, recyclers will invest in the infrastructure needed to recycle more right here in Ontario.

3. Where Ontario wants to go – Producer Responsibility

Producer Responsibility

Making producers responsible for diverting waste is based on the idea that the companies that design, create, and market products and packaging are in the best position to divert these materials when they become waste. By diverting products and packaging, producers keep materials in the economy to be used in new products or processes – rather than landfill.

Ontario has the legislation needed to make producer responsibility a reality. Both municipalities and producers support the province's policy direction to transition the Blue Box to producer responsibility under the *Resource Recovery and Circular Economy Act, 2016*. This act allows for the province to revitalize the Blue Box by creating regulations that specify how producers must manage the printed paper and packaging they sell or distribute in Ontario.

Producers can help people keep waste out of their environment and their landfills.

Most residents want to recycle more and send less to landfill. When producers are responsible for diverting their products and packaging, residents benefit from more opportunities to recycle. Producer responsibility will make producers legally responsible for providing consistent, convenient, and accessible recycling options for the residents that use their products and packaging.

The people of Ontario understand that they have a big role to play in diverting the right materials and keeping recycling streams clean. Producer responsibility would harmonize what can be recycled across different communities, so producers can have consistent, reliable, and clean streams of recyclable materials. A more co-ordinated and integrated province wide system will allow for better education and awareness, so Ontarians can more easily understand what materials to put in the Blue Box.

Municipalities recognize that producers can control costs and deliver good services.

Municipalities want to see more waste diverted from landfill. They recognize, however, that costs are increasing, and they have no control over the materials that end up in the Blue Box. Municipalities support shifting responsibility to those that can control how packaging is designed and maintain the consistent, high-quality services their citizens have come to expect.

Producers see more responsibility as a strategic economic shift.

Producers accept that taking on more responsibility means they will pay more to recycle their printed paper and packaging. Producers support this shift, however, because it gives them full control, from design and production all the way through to collection and recycling.

Producers are willing to take on new responsibilities and costs because this full control is part of a long-term strategy that allows them to innovate, compete, and reduce costs. They want producer responsibility applied broadly and fairly, to create a level playing-field where innovators are rewarded for their efficiencies and free-riders are penalized for not following the rules.

Making producers responsible for Blue Box materials can help drive changes in packaging design, use and recycling. When producers are responsible for collection, sorting, and diversion, they have the financial incentive to make their products as efficient to manage as possible.

This can result in producers designing packaging that uses fewer problem materials, that is easier to recycle, and that contains more recyclable content – because when packaging is easier to recycle, it saves them money. Taking control of how their products and packaging are managed when they become waste can drive them to make collection and processing more efficient.

Improving Product Design: Producers Facilitating Recycling

In the past, the composition of different resin types contained in Unilever's deodorant sticks prevented them from being recycled. The company worked with the Association of Plastic Recyclers to modify the packaging for its deodorant sticks in order to make them recyclable. By adjusting the proportion of polypropylene to other plastic resins, deodorant sticks can now be recycled in Canadian recycling programs.

Producer responsibility will help producers meet their national and international commitments.

The mediation sessions revealed that many producers have adopted international commitments to reduce problem plastics, increase plastic recycling, and use more recycled plastics in new products.

Producers and businesses associations, such as Unilever, PepsiCo, Nestlé, Procter and Gamble, and the Food and Consumer Products of Canada have endorsed the Ellen MacArthur Foundation's New Plastics Economy Initiative that sets broad goals for reducing plastic waste and increasing recycling. Many also have their own strategies, such as Walmart Canada's Charter on Plastics

and Loblaw's commitments to achieve national diversion rates of 80 percent at corporate stores and 95 percent at distribution centres by 2030.

The Blue Box program reaches 95 percent of Ontario's households. This coverage is a competitive advantage for companies that need to recover their printed paper and packaging waste and makes Ontario an attractive place to meet their diversion needs.

Global Momentum: The New Plastics Economy Initiative

The Ellen MacArthur Foundation launched the New Plastics Economy Global Commitment in 2018 to create "a new normal" for plastic packaging. The targets, to be reviewed every 18 months, include:

- Eliminating problematic or unnecessary plastic packaging and moving from single-use to reusable packaging models.
- Innovating to ensure 100 percent of plastic packaging can be easily and safely reused, recycled, or composted by 2025.
- Circulating the plastic produced, by significantly increasing the amounts of plastics reused or recycled and made into new packaging or product.

4. Mediation Process

Producers and municipalities have a long history of working together to deliver and fund Blue Box services. While participants recognized that this relationship has its ups and downs, there is strong consensus from all sides about the need to move the Blue Box program to producer responsibility and to do so in a timely manner – it is time for change.

Unfortunately, annual disputes over Blue Box costs led to tensions between producers and municipalities that stood in the way of moving to producer responsibility. In the past, this made it difficult to resolve some of the key issues about when and how to transition the Blue Box.

This mediation process was established to help the parties see past their disputes and re-focus toward solutions for a successful transition to producer responsibility. In the brief consultation, I asked municipal and producer representatives to help us address seven broad questions and reach consensus on as many subjects as possible.¹ Their participation and ongoing engagement will help ensure that transferring responsibility for Blue Box recycling from municipalities to producers is as smooth as possible.

At the same time, it was equally important that the consultation process be transparent and clear to all. At the onset of this process, I hosted an open webinar for all interested stakeholders to attend and learn about the scope of the mediation and the seven questions that would be discussed. Additionally, although it was not possible to accommodate everyone around the mediation table, I was pleased to meet with individual municipalities, producers, haulers, processors, and other stakeholders, to ask for their perspectives and advice. I welcomed and invited written submissions from any stakeholders that wished to provide feedback and suggestions. Their input has been invaluable in helping to frame the discussions at the mediation table and to inform my final recommendations.

As I facilitated the mediation sessions, it was apparent that producers and municipalities have made significant progress in finding common ground on transition. By and large, producers and municipalities are not far off and share more items of agreement than disagreement. Mediation was required to build consensus on a few outstanding issues needed to start the process of writing the regulations that will be the next big step in moving towards producer responsibility.

¹ Please see Appendix B for a list of mediation participants and an overview of mediation sessions.

Key issues addressed by mediation

Transition concern	Desired outcomes
A measured timeframe for transition	A clear and consistent timeline is needed to make it easier for all parties to effectively manage change. The transition process must provide for sufficient time and certainty for producers to prepare for their new responsibilities and for municipalities to transfer their recycling services to producers.
Ensuring a common collection system	The province has been clear that transitioning the Blue Box must not negatively impact the recycling services that the people of Ontario use every day. Municipalities and producers require certainty to ensure the transition avoids a patchwork of services, and that it creates an efficient and effective province-wide collection system.
Transitioning municipal assets	Municipalities have made significant investments in facilities and equipment to collect, sort, transfer and process Blue Box materials. The transition process must allow producers to make decisions on whether they will use some of these assets to deliver efficient services while allowing municipalities time to repurpose them or develop other strategies that minimize impacts on municipal budgets.
Standardizing what's in the Blue Box	It should be easier for Ontarians to understand what's recyclable and what's not. Blue Boxes across the province should collect a more consistent set of materials to make recycling easier for citizens, make more efficient for processors, and more cost-effective for producers.
Determining eligible sources for Blue Box materials	We generally associate Blue Boxes with curbside or depot collection, but in most communities the Blue Box program extends to multi-residential buildings, some businesses, and sometimes parks and other public spaces. Transition must consider whether and when it makes sense for producers to be responsible for Blue Box

	services beyond curbside or depot collection. In a new producer-led system, producers may also identify innovative ways to collect materials.
Setting effective diversion targets	Regulated and enforceable targets are necessary to set a level playing-field and ensure the Blue Box achieves meaningful environmental outcomes. Targets must be measurable and achievable, striking a balance between the need to reflect existing diversion rates while driving real improvements.
Promoting increased diversion from landfill	What goes in the Blue Box should get recycled – and not go to landfill. A producer-run Blue Box system must motivate producers to maximize reduction, reuse and recycling, while leaving room for innovative ways to divert emerging and problematic materials from landfill.

This intensive six-week process is only one step in a complex transition. To paraphrase the words of Winston Churchill, I would advise that this report should not be viewed as the beginning of the end. It is not even the end of the beginning. It is the beginning of the beginning.

Transitioning the Blue Box program will be a multi-stage process that will involve many opportunities for stakeholder and public input. This mediation process is only the first step to identify and develop a common understanding of key operational issues that need to be addressed to provide a clear path for transition. After this mediation process, the province will consider the advice given and chart a path for Blue Box transition that will include further public consultation.

Although my role as Special Advisor ends with the submission of this report, there will be many more opportunities for conversations to inform future decision-making. The transition will rely on stakeholder contributions at every stage to ensure its success.

The challenge in this transition will be for the province to provide enough clarity and certainty of direction through regulations that will allow the municipalities and the producers to make informed decisions, but the process cannot be so prescriptive that it precludes flexibility and opportunity for innovation. We cannot make the Blue Box recycling program better if we don't make room for process change and continuous improvement.

5. Mediation Results

The mediation process identified a number of considerations and issues, some of which were touched upon in my mandate letter and others which were identified in submissions, through individual meetings, or during the course of the mediated sessions. The results of this consultation process are outlined in the following pages of this report.

For each of the seven mediation topics, this section identifies the considerations discussed, areas where the parties agreed, and areas where consensus was not achieved. My recommendations are presented in section 6.

5.1 A measured timeframe for transition

A clear and consistent timeline is needed to make it easier for all parties to effectively manage change.

The transition process must provide for sufficient time and certainty for producers to prepare for their new responsibilities and for municipalities to transfer their recycling services to producers.

A measured and orderly transition will help ensure a balance between the need for comprehensive planning and sufficient progress so that Ontario's producer responsibility approach has a solid foundation for an effective, competitive future.

Considerations:

Transition is about producers taking operational control of delivering Blue Box services, and municipalities ending or transferring existing contractual relationships.

Transition should be done in a way that does not disrupt Blue Box services. All parties need sufficient time to understand their regulatory obligations and their options for establishing contracts in an orderly manner.

Transition should strike a balance to mitigate costs for all parties. A gradual handover of Blue Box operations to producers over a number of years, while at the same time steadily eliminating the existing shared funding program, can help producers better manage the take-up of these new costs.

Areas of Consensus:

The first major step would be Ministerial direction that sets out clear transition dates, and the beginning of the regulation development process.

This regulation-development period would begin when the Minister issues direction to Stewardship Ontario and the Resource Productivity and Recovery Authority signaling when municipalities can start transferring responsibility to producers and when responsibility from all municipalities should be fully transferred. To achieve this transfer of responsibility two concurrent actions must occur:

- Stewardship Ontario must develop a plan to gradually eliminate the shared funding program for Blue Box materials under the *Waste Diversion Transition Act, 2016*.
- The province must put in place producer responsibility regulations for the Blue Box materials under the *Resource Recovery and Circular Economy Act, 2016*.

The Minister has full discretion when to issue direction to Stewardship Ontario and the Resource Productivity and Recovery Authority.

After the Minister has issued direction and set clear timelines, the regulation development process can begin. Parties would like to see finalized regulations by late 2020/early 2021. Although approval of final regulations is a government decision and is subject to several factors, parties agree that regulation-development should aim for completion by the end of 2020.

Parties agree on actions that would be required to prepare to transition after finalizing the regulations; some actions may be concurrent with others:

- Producers and service providers must register with the Resource Productivity and Recovery Authority.
- Municipal Councils need to review the final Blue Box regulations and indicate they will be ready to transition.
- There is a need to align municipalities' transition timing with the goals of having approximately one-third of the total Blue Box tonnage transition each transition year.
- Although municipalities will identify when they prefer to transition, there are many factors to consider. What is crucial is providing certainty of timing.
- Municipalities that did not get allocated to their preferred transition year will need to reconsider and re-plan their transition for the year they are allocated.
- Producers will establish contracts to assume responsibility and:
 - Allow municipalities to bid to provide collection services;
 - Where not working with municipalities, arrange for collection services; and
 - Arrange for post-collection services (producers may or may not work with municipalities for material management services).

Parties agree that transition to the new producer responsibility framework should be staggered over three years, with approximately one-third of total Blue Box tonnage to transition in each of the three years. Parties agreed that determining which municipalities would transition in each 'third' would be a complex task and would require further consideration. Parties agreed that municipalities that have transitioned would no longer be bound by mandatory Blue Box program requirements under Ontario Regulation 101/94 under the *Environmental Protection Act* that requires them to run curbside recycling programs. As producers take over municipal programs they would have full responsibility for Blue Box materials under the *Resource Recovery and Circular Economy Act, 2016*.

Areas Without Consensus:

Parties did not agree on the time required to prepare for transition, i.e., after finalizing the regulations but before producers begin to take responsibility. Perspectives ranged from one to three years. Several key concerns prevented consensus on this point:

- There were differing opinions on how much preparatory work could overlap with regulatory development. It was noted that conversations would continue between producers and municipalities to assist producers' preparations, but it was not known how concrete those conversations could be until details of the regulations were finalized and all parties understood the framework they would be operating in.
- Similarly, there were differing expectations over the degree that producers would utilize existing municipal assets after transition, and the extent to which producers would need time to establish and contract new capacity.

Although the parties agreed that approximately one-third of Ontario's total Blue Box tonnage would transition in each year, parties did not agree on what criteria would be used to select the municipalities that would transition in each year. Municipalities could be selected based on clusters of geographic proximity, cost-effectiveness of operational logistics, readiness for transition (e.g., expiry of waste management contracts, or municipal ability to end those contracts early), or other factors. The criteria used must result in transition groupings that are cost-effective and efficient to run.

5.2 Ensuring a common collection system

The province has been clear that transitioning the Blue Box must not negatively impact the recycling services that the people of Ontario use every day.

Both municipalities and producers require certainty in the collection requirements that the regulations may set. Municipalities want to ensure there will be continuity of service for residents and how to communicate these expectations to residents; producers need certainty on their obligations in order to establish the collection system and provide the required service. This will help create an efficient and effective province-wide collection system.

Considerations:

Producer responsibility should result in a convenient and effective collection system for collecting materials for recycling. This system would include a combination of the existing Blue Box collection and other collection methods, depending on future regulations.

Regulations need to allow for competitive procurement of collection services so that producers can find the most efficient way to organize the collection system. Regulations must also contain sufficient requirements so that accessibility for residents is maintained. The ability for municipalities and others to compete to offer collection and processing services is key to achieving a cost-effective system; this competition should occur in the context of regulated requirements that result in a common level of collection services for Ontarians.

Regulations need to ensure that residents who currently receive municipal Blue Box services will continue to receive collection services once transition occurs. It must be clear who will provide collection services and who procures the service for each municipality. The regulations would identify basic collection requirements across the province and outcomes that must be met.

To meet their regulatory obligations, it is anticipated that producers will contract with producer responsibility organizations that will contract out services and fulfill producer regulatory obligations. There may be one or more producer responsibility organizations.

As noted earlier, a staggered transition, based on producers accepting responsibility for collecting a proportional quantity of waste each year, reduces risk of service disruption by spreading the procurements over more time. Consolidating municipalities into collection clusters could improve efficiency and reduce costs – clusters could be geographically based, arranged by municipal readiness or a combination of other factors.

Areas of Consensus:

Parties agreed that a common collection system can result from clear regulatory requirements.

Mediation participants recognize that Ontario's producer responsibility framework enables more than one producer responsibility organization to exist for printed paper and packaging.

There was concern around the table that the entrance of more than one producer responsibility organization could make transition complicated. Producers expressed concern that having too many moving parts during the transition phase could increase the complexity of taking on Blue Box services. Regulations would need to specify the outcomes – a common collection system – and the producer responsibility organizations would need to work together to achieve that goal without duplication or gaps in service.

There was extensive discussion how duplication or gaps would be avoided; all parties agreed this was a complicated issue that required further time to identify a clear path forward.

Areas Without Consensus:

While mediation participants agreed that Blue Box collection should be a common system, there was less certainty about what rules are needed to make it happen. Participants did not agree which clearly regulated outcomes would be required to allow stakeholders to self-organize, or whether there would need to be more prescriptive regulated roles during the transition.

Some participants strongly believe in allowing producers to self-organize with appropriate regulatory direction and incentives to deliver on outcomes.

Some participants thought that a more directive approach would be needed. Without a body to direct collection or oversee the system, transitioning from a municipally-run Blue Box system to a cohesive and accessible producer-run system could be a challenge. The parties discussed whether, to facilitate this challenge, government should mandate a single producer responsibility organization for the duration of the transition period.

5.3 Transitioning municipal assets

Municipalities have made significant investments in facilities and equipment to collect, sort, transfer and process Blue Box materials.

As producers develop an efficient province-wide collection system, some municipal infrastructure may no longer be needed.

The transition process must allow producers to make the decisions they need to deliver an efficient service while promoting strategies that minimize stranded collection and recycling infrastructure.

Effectively dealing with stranded assets is critical to ensuring a competitive and efficient market for diversion services that helps producers meet their obligations at the lowest cost and positions Ontario to be a North American leader in collection and recycling.

Considerations:

Producers need choice in how they meet their obligations – they may choose to use some existing municipal facilities, while others may be unsuitable or unnecessary for producers to use in a larger, more regionalized recycling system.

Transition should be undertaken in manner that mitigates municipal stranded assets since the remaining value of assets declines each year. For example, timing can help mitigate lost value for municipal assets, as wear and tear and general use over time means that the remaining value of these assets decline each year.

Allowing municipalities to continue existing contracts or establish collection or management contracts on behalf of producers (if producers want) can reduce the risk of stranded assets.

Areas of Consensus:

Parties agreed that if producers are given full responsibility and accountability, they must have control to decide which assets will be used in a future collection and management system for Blue Box materials.

Producers should be free to optimally design the future system, and should not be forced to use, or pay for, municipal assets they do not need.

Parties agreed that municipalities must be able to bid fairly on future collection or processing services for producers, and municipalities may decide whether, and how, their existing assets may be part of their bids.

A predictable and measured transition will provide clarity to both producers and municipalities. Clear timelines will help parties determine which assets may be needed or useful and will help mitigate the risk of stranded assets.

5.4 Standardizing what's in the Blue Box

It should be easier for Ontarians to understand what's recyclable and what's not. Ontarians are given a different list of recyclable materials almost everywhere: at home, in the office, in schools, shopping malls, parks, and public spaces.

Recycling across the province should be made consistent with a standard list of Blue Box materials that can be collected. This would make recycling easier for Ontarians, more efficient for processors, and more cost-effective for producers.

Consistent, high-quality, high-volume streams get top dollar and attract recyclers. Standardizing what's collected in the Blue Box can make Ontario's waste streams more valuable and recyclers more efficient. This can foster economic opportunities and a make Ontario a global leader in recycling.

Considerations:

Residents expect a standardized list that is easy to understand and that maintains or expands upon the materials they already recycle today.

Collecting the same materials across the province can reduce contamination, improve sorting and support end-markets. Processors need sufficient and reliable volumes of specific waste materials to make investments in recycling technology cost-effective. Standardizing Blue Box materials helps them anticipate waste flows and plan for investments.

Areas of Consensus:

There should be a broad list defining all the printed paper and packaging materials that producers put into the Ontario market for which they should have responsibility. This list will likely be defined in regulations.

The regulations will identify which materials on the list must be accepted for collection in Blue Boxes at home, regardless of whether they currently receive their Blue Box services curbside, in a multi-residential building, or at a depot. This standard list of Blue Box materials would be the same across Ontario so residents in every community that has Blue Box services would be able to recycle the same material.

The standard list of Blue Box materials would likely exclude packaging materials that cannot be cost-effectively recycled through the Blue Box without potentially contaminating other collected materials. For these excluded materials, and to provide flexibility for producers, there should be the option for materials to be included in other collection channels. The regulations should not be too prescriptive or constrain producers in determining how to fulfil their obligations. For example, producers may set up a take-back system for their material instead of, or in addition to, participating in the Blue Box system.

It is expected that the standard list of Blue Box materials should be adaptive as products, markets and technology change. Materials that currently may not

be effectively managed under Blue Box may be considered in the future as collection and processing methods improve. The following principles should be considered when establishing the review process:

- Regulations should set criteria for timing, and basis of mandatory reviews, instead of leaving it open and undetermined.
- The standard list of Blue Box materials should be reviewed on a regular, frequent, and transparent basis.
- Outcomes and decisions of the review should be clearly communicated to residents, governments and stakeholders.
- Responsibility for undertaking the review should be clearly assigned; producer input should be a significant driver of the review process.

The following are potential criteria that may be used when determining whether to change the standard list of Blue Box materials:

- Clarity and ease of understanding for residents
- Increasing the total amount of material recycled
- Ease of recyclability for processors
- Cost to manage
- Availability of alternate recovery options
- Reducing litter

Notwithstanding the standard list of Blue Box materials, producers should have the opportunity for pilot projects to trial new collection and management approaches for other materials.

Areas Without Consensus:

Although parties agreed that producers should have significant input and the freedom to innovate in reviewing the standard list of Blue Box materials and how those materials are managed, parties did not reach agreement on how the review process would be defined or what level of input or oversight there should be from other bodies. Producers want control over deciding what materials are collected via Blue Box, as part of their rationale for being made responsible for these materials. Municipalities expressed a desire for some third-party oversight in list decisions.

Getting it Back: Alternate Collection Methods

In Ontario, Nespresso provides a Red Bag to allow customers to return used coffee capsules. Red bags can be returned via Canada Post.

5.5 Determining eligible sources for Blue Box materials

We generally associate Blue Boxes with curbside or depot collection, but in most communities the Blue Box program extends to multi-residential buildings, some businesses, and sometimes parks and other public spaces.

Transition must consider whether and when it makes sense for producers to be responsible for Blue Box services beyond curbside or depot collection. In a new producer-led system, producers may also identify innovative ways to collect materials.

Considerations:

Many Blue Box materials are also generated by residents in privately-serviced residential buildings, municipal parks, public spaces, offices, and other sources.

Expanding sources eligible for Blue Box collection could help improve diversion rates but also could result in an increase in program costs.

Areas of Consensus:

During the three-year staggered transition period, as producers assume responsibility from municipalities, producers would be required to provide Blue Box services to every place that received municipal Blue Box services prior to transition.

For clarity – this means there would be no expansion of Blue Box services during the three-year staggered transition period.

Once the three-year staggered transition is complete, Blue Box collection should gradually expand in multi-residential buildings, parks, and additional public spaces. This would expand access to recycling as well as provide producers with more freedom to optimize their Blue Box system and achieve economies of scale.

Parties agreed that further discussions are needed to identify the right approach to implement producer responsibility for collection from these areas, to make sure efforts target the right materials for collection and limit the contamination of recyclables.

Offices, institutions and other commercial sectors should not be included in a producer responsibility framework.

Recycling in industrial, commercial and institutional facilities is governed by Ontario's 3Rs Regulations under the *Environmental Protection Act*. Ontario Regulations 102/94, 103/94, and 104/94 require facilities to identify the

amount and types of waste they generate, develop plans to reduce waste (and sometimes packaging), separate certain wastes at source and make reasonable effort to ensure that separated wastes are sent for reuse or recycling. In these sectors, waste generators - facility owners and operators - are responsible for source separating.

Generator responsibility in the 3Rs Regulations could be an effective way to ensure recycling and diversion from these sectors; those regulations should be reviewed to ensure they align with and support the materials being diverted under the producer responsibility framework.

Areas Without Consensus:

Parties have not landed on a timeframe for expanding producer responsibility to Blue Box materials from other sources.

From Bottle to Bottle: Ontario's Recycling Industry

Keeping collected materials in Ontario creates jobs and adds value to our economy. Ice River Springs, one of the largest water bottling companies in North America, has 5 facilities in Ontario employing 400 staff. The company currently purchases approximately 85 percent of all polyethylene terephthalate (PET) captured through the Blue Box program in Ontario and can take even more. Ice River Springs turns material that was once discarded as waste into a Renewed Plastic Bottle, manufactured using 100 percent post-consumer recycled content, which can be recycled repeatedly.

Their in-house recycling system can maximize recovery rates and contributes to the development of recycled content products.

5.6 Setting effective diversion targets

Regulated and enforceable targets are necessary to set a level playing-field and ensure that the Blue Box achieves meaningful outcomes. Targets must be measurable, achievable, and inspirational, striking a balance between the need to reflect existing diversion rates while driving real improvements.

Considerations:

Targets should incent changes in packaging to improve recyclability and help address the broad problem of plastic waste and litter.

Some materials (e.g., multi-layer packaging, some plastics) are more difficult to recover. Targets should drive achievable and meaningful environmental outcomes for problematic, hard-to-recycle materials, and push producers to improve recycling of, or make changes to, packaging materials over time.

Areas of Consensus:

A single overall target for all Blue Box materials was not seen as desirable or workable in an individual producer responsibility framework. There need to be material-specific targets to drive environmental outcomes, and these targets should progressively increase over time while continuing to pose an achievable challenge.

Regulations will need to define how targets are measured and what material classes should be used.

Areas Without Consensus:

Parties did not reach consensus on how to define or set the targets, or which specific materials or material classes should have targets.

Parties suggested a variety of different ways to measure targets to show meaningful diversion. Weight is the most straightforward way of measuring diversion but may not necessarily be the ideal metric in the future. Defining the outcomes by emissions or energy may be viable metrics. Parties did not agree on a particular metric or combination of metrics.

Fact Box:					
Other jurisdictions worldwide have already implemented, or committed to, high material-specific diversion targets.					
British Columbia Overall Target: 78% by 2022			European Union		
Materials	Target *	Year	Materials	2025 Target	2030 Target
Paper	90%	2020	Paper/Cardboard	75%	85%
Plastic	50%	2025	Ferrous Metals	70%	80%
- Rigid Plastic	55%	2022	Glass	70%	75%
- Flexible Plastic	20%	2022	Aluminium	50%	60%
Metal	67%	2020	Plastic	50%	55%
Glass	75%	2020	Wood	25%	30%
* Recycle BC's 2018 PP&P EPR Plan commits to propose a new target for each category two years after maintaining the existing target.					

5.7 Promoting increased diversion from landfill

What goes in the Blue Box should stay in the recycling stream – and not go to landfill. A producer-run Blue Box system must motivate producers to maximize reduction, reuse and recycling, while leaving room for innovative ways to divert emerging and problematic materials from landfill.

Getting the most recycling from materials collected in Ontario not only helps us reduce landfilling, but also sets the foundation for a cost-effective and efficient recycling industry that drives continual improvement.

Considerations:

Ontario's limited landfill capacity and the impact of waste and litter on the environment is driving a need for innovative waste and recycling solutions.

Some chemical recycling or thermal treatment technologies provide a commodity that can be used in other products or packaging. These technologies should be viewed as recycling, as opposed to other approaches which use waste to create energy.

Once recycling has been maximized, including chemical recycling, there may be a role for energy recovery using thermal treatment technologies.

Reduction, reuse, and recycling should remain priorities over energy recovery.

Public acceptance of many energy recovery technologies and facilities is a challenge and requires a robust and transparent framework and standards to build trust.

Allowing waste to be used to create energy may be perceived as a reduced incentive to recycle – there may need to be limits placed on what materials, or how much, can be managed in this way.

Areas of Consensus:

Regulations should make reduction, reuse, and recycling the only activities that count towards diversion.

Regulations should use the principle of “keeping the molecule in play”. “Keeping the molecule in play” is about extending the life and use of materials as long as possible. Technologies and processes that “keep the molecule in play” to create new products should be recognized as diversion.

Incineration and energy-from-waste should not count as diversion because these technologies involve the destruction of the molecule.

All parties acknowledged that energy recovery will have a role to play in reducing the amount of waste that is sent to landfill after all efforts have been made to achieve reduction, reuse, and recycling.

Targeting The First Two Rs: Reduction and Reuse

Loblaws has announced that it will bring Loop to Canada as a pilot in 2020. Loop, a program from TerraCycle, partners with retailers and brands to create sustainable, reusable packaging for products in order to reduce packaging waste. The products are delivered in unique, reusable packaging and once they have been used, are returned to Loop for reuse.

6. Mediation Recommendations

After a six-week mediation, the message was clear – all participants want to begin the transition process. Producers and municipalities agreed that moving the Blue Box to producer responsibility is an opportunity to improve recycling, reduce waste going to landfill, and put waste materials back into the economy for productive use.

Through transition, Ontario has the chance to harness the innovation and knowledge of the private sector to create a recycling system that delivers uninterrupted services for residents, more efficient collection and management of materials, and more valuable end products that add value to our economy.

The discussions around the table convinced me of both the need for immediate action and the importance of the task at hand. Producers will be responsible for delivering Blue Box services across Ontario. More than 240 municipal and Indigenous Blue Box services need to move to producer responsibility. More than 1,200 producers need to organize and prepare for their obligations. This is a complex process that needs time, a clear path forward, and multiple opportunities for consultation and engagement.

I am confident the province can move quickly to set the wheels in motion and create a process that allows all stakeholders to work together for a successful transition. My recommendations on this path forward are outlined in the sections below.

6.1 A measured timeframe for transition

Clear direction from the province will help producers and municipalities plan for producer responsibility.

I recommend that transition occur over a six-year timeline that includes early notification of the government's plan for producer responsibility, expedited development of producer responsibility regulations, and sufficient time for municipalities and producers to set up the contracts they will need for an orderly transfer of responsibility. This will help provide the certainty needed to kick-start planning for transition.

Phase 1: Minister issues transition direction

Ontario should take clear steps to inform stakeholders of its plans for producer responsibility before the end of 2019.

The Minister should signal Ontario's intent to begin the Blue Box transition process by instructing Stewardship Ontario to develop a plan to eliminate the

shared funding program and begin planning for producer responsibility. The Minister's transition direction can identify key transition principles as well as timelines for the transition process.

This direction will help give producers the certainty they need to start planning for producer responsibility and individual municipalities and Indigenous communities the signal to begin identifying when they would prefer to transition.

Phase 2: Government finalizes regulations

All parties agreed that the province should begin the regulation-drafting process as quickly as possible upon the issuance of the Minister's direction to Stewardship Ontario. Plain language explanations and a clear articulation of government objectives should be included at every stage of the process. The province should issue draft regulations within a year of the Minister's direction. The finalization of the regulations should be complete by early 2021 if not sooner.

During the mediation process it was made clear to me that producers and municipalities need as much information as early as possible to make their decisions. It is imperative the province set legal requirements early so participants have maximum time to consider their roles in the new system.

Regulations are required to set the rules for producer responsibility. These regulations will finalize the nuts and bolts of the producer responsibility system, including materials for collection, collection and recycling targets, environmental outcomes, service standards, and timelines. The province will need to consult widely, both as the regulations are being written and once drafts have been released.

I recognize this timeline is both ambitious and aggressive. It is imperative that the common collection system is established as soon as possible to ensure a smooth transition without service disruption.

Having the regulations complete as early as possible will help municipalities and producers manage complexity and expectations. I have faith in the capability and creativity of our public service to meet these timelines.

Phase 3: Producers prepare for producer responsibility

After regulations are finalized, producers and municipalities should have two years to prepare for when producers first assume responsibility from municipalities by the start of 2023.

This is a very busy phase for producers. They need to decide how to organize themselves and administer responsibility. One or more producer responsibility organizations will have to incorporate and hire staff. Procurement also must occur, to run bid processes and award contracts to municipalities and other service providers. Decisions will need to be made to determine which party undertakes procurement and how all the parties interact. Waste transfer and processing networks need to be created and there may need to be investments in collection infrastructure to make sure producers are ready for producer responsibility.

I recognize that preparing for producer responsibility is a complex process and appreciate calls for more time. With producers preferring three years and municipalities wanting one, this was the only stage where producers and municipalities disagreed on timing. But if the province issues early transition direction, puts regulations in place by 2021, and collects the right information to inform the process, parties should be ready to act decisively to make transition a reality. Some elements of preparation may even begin in 2020.

Producers and municipalities have been discussing the transition for many years. Municipalities and producers will need to continue to work collaboratively for this transition to be successful. My experience as Blue Box mediator has shown me that Ontario's municipalities and producers have significant common ground and are willing to work together in a spirit of openness and goodwill. I am confident this can continue as transition proceeds.

I also am confident in the flexibility and adaptability of our private sector to learn from experiences implementing producer responsibility in other jurisdictions, such as British Columbia, and prepare for their obligations. I expect producers and municipalities would start preliminary conversations as soon as the Minister issues transition direction in late 2019.

Phase 4: Municipalities transfer responsibility

Municipalities should transition to producer responsibility over a three-year period, by 2025, transferring approximately one-third of Ontario's Blue Box tonnage each year. Municipalities should hand over their responsibilities in groups to reduce disruption and ensure service continuity.

Municipalities should be grouped to facilitate the creation of a common collection system across the province. These groupings should be determined by criteria set out in regulation, informed by further data and analysis as identified in 6.2 below.

Recommendations:

- Transition should occur over a six-year period according to the following approximate timelines (i.e., from 2019 through 2025):
 - Before the end of 2019: Minister issues transition direction to Stewardship Ontario outlining the timeline for transition.
 - Over a one to one-and-a-half-year period (e.g., 2019-2020): Government consults on, and finalizes, regulations that specify how the Blue Box will move to producer responsibility.
 - Over a two-year period (e.g., 2021-2022): Producers prepare to assume responsibility for the Blue Box and engage all parties, including municipalities and service providers.
 - Over a three-year period (e.g., 2023-2025): Phased transfer of responsibility from municipalities to producers that transitions a similar amount of waste over each year.
- The province should provide transition direction and begin gathering the necessary information as early as possible to help all parties plan for the new producer responsibility framework.
- The province should issue a consultation document to provide additional information and clarification when consulting on the draft regulations.
- To provide the certainty needed to kick-start planning for transition, the timeline should provide early notification of the government's plan for producer responsibility, expedited development of producer responsibility regulations, and sufficient time for municipalities and producers to prepare.

6.2 Ensuring a common collection system

During the mediation, I found that participants were committed to the goal of providing continuous services for residents and fair access to recyclables for producers.

Producers understand that the people of Ontario have come to rely on the Blue Box and view it as an important service. The transition process must ensure there is no fragmentation or gaps in service as producers take control. All communities must be transitioned fairly, regardless of their size, location, or density, with the result being convenient and accessible services for residents.

Municipalities understand that Ontario has a long history of competition for waste collection. Many Blue Box services are currently delivered by the private sector. Producer responsibility must build on this market. The transition process must ensure that producers of all sizes can get the recyclables they need to meet their targets.

Producer responsibility regulations should establish a common collection system across the province. This system should include a single Blue Box collection in each community, with supplementary collection channels or methods developed by producers to collect additional materials.

While both producers and municipalities understood the benefits of establishing a common collection system during the transition period, there was less certainty about what rules are needed to make it happen. Many participants felt that clear rules and strong enforcement could create the legal environment that would ensure a common Blue Box collection system during transition.

The province will need to make regulations that create the conditions for a common collection system that works in the public interest. This means regulating performance standards, so producers make Blue Box services convenient and accessible for the people of Ontario, including specifying the type and frequency of service.

These regulations will also need to make Blue Box services fair for producers. Much like all energy generators use the same wires to get power to consumers, all producers will need access to the Blue Box to get the materials they need to meet their targets. Where this common Blue Box collection system is different from the electricity system is that the producers are paying. Producer responsibility is about producer say and producer control. A clear regulatory framework will be necessary to protect the public good of having a common collection system while providing sufficient flexibility and control to respect producers' business needs.

We know that producer responsibility regulations will need to set strong collection and recycling outcomes that drive producers to collect high volumes of material from all corners of the province.

What else is needed is less clear. Regulations could set outcomes relating to providing open access to the Blue Box collection systems. We may need to consider consolidation and economies of scale during the transition phase. There may be a need to establish outcomes for collaboration, to make sure we don't have multiple producer responsibility organizations operating separate collection services.

The first step in creating the right rules is having the right information. Markets work best when all participants have access to the information they need to make informed choices. Improved data is necessary to help producers plan for Blue Box services, including ensuring full coverage of services across the province. With transparent information and access to data, most producers believe that they will be better placed to foster competitive markets and fair contracts for collection services.

An orderly and measured transition must consider how much waste we generate and where we generate it to balance costs throughout the process. Knowing when municipal collection contracts expire and where printed paper and packaging go for recycling will help plan for continuity of service. Ontario must allow for time to gather and assess the state and location of waste facilities to make smart decisions on what is needed. Only then can the province know what type of rules are needed to ensure continuous service and access. This information is necessary to decide how municipalities should be grouped for transition and the factors that need to be regulated in a new market for recycling in Ontario.

Information on current Blue Box operations should be consolidated and made publicly available. The province should also consider retaining experts to provide advice on how best to make Blue Box a shared public service for recycling printed paper and packaging in Ontario.

The province needs information on how the Blue Box is working right now to assess the rules needed for an orderly transition.

Producers need transparent and accessible information to make informed investments and business decisions.

These are complex decisions and this six-week mediation process did not allow me to arrive at a recommendation for a best approach. But I do think that when both province and producers have access to the same information they can both make informed decisions on the best way to move forward.

Once this information is assessed, the province will be in a better position to know what type of rules are needed and how to plan transition.

Recommendations:

- Regulations should maintain Blue Box collection as an essential part of any collection system, but also allow producers the flexibility to collect some packaging through other methods.
- Taken together, the Blue Box and other methods will create a common collection system that will give producers access to the materials they need to recycle and will ensure that the people of Ontario have uninterrupted service across the province during the transition period.
- The regulation-making process will determine how this collection system is to be established. The complexity of doing so should not be underestimated, which is why I recommend that the first step must be to collect and analyse the information on the existing Blue Box and recycling system in Ontario. This information could include:

- Programs and collection methods operated by municipalities.
 - Populations serviced by Blue Box programs.
 - Expiry of municipal collection contracts and lifespan of waste facilities.
 - Municipal readiness to transition.
 - Location of waste transfer, sorting and processing facilities.
 - The volumes and flows of collected printed paper and packaging.
- The province should consider retaining expert advice to analyse the collected information and provide a recommendation on how best to proceed with transitioning services. This information will inform regulation-development and facilitate producer preparation.

6.3 Transitioning municipal assets

While I understand that this issue has raised some tensions and concerns in the past, it was less contentious at the mediation table. The clarity on timing of transition will allow municipalities to make informed decisions which will further reduce this concern.

The parties were in broad agreement on this issue. I recommend that the Minister give considerable weight to this consensus. The certainty on timing and the ability for municipalities to fairly bid in a competitive process on future services for producers was key to achieving consensus on how to deal with transitioning municipal assets.

Recommendations:

- Parties agreed that if producers are given full responsibility and accountability, they must have control to decide which assets will be used in a future collection and management system. Producers should not be forced to use, or pay for, municipal assets they do not need.
- Parties agreed that municipalities must be able to bid fairly on future services for producers, and municipalities may decide whether, and how, their existing assets may be part of their bids.

6.4 Standardizing what's in the Blue Box

Mediation participants agreed that producers should be responsible for the printed paper and packaging they put into Ontario, with flexibility to decide the best way to collect and recycle that material. A common collection system should have a standard list of Blue Box materials and the flexibility to collect materials through other channels or methods.

This standard list of Blue Box materials will help ensure that what goes in the Blue Box can be recycled. The Blue Box system should be able to produce an uncontaminated, high-quality, high-value stream of recyclables that can find markets and be used in new products, keeping materials in the economy as long as possible. Recycling the same materials everywhere will help build a consistent stream.

Ontario's Blue Box list should also be adaptable. Producers and municipalities agreed the list should be open to evolution. The standard list of Blue Box materials should not prevent producers from finding new or innovative ways to fulfil their obligations. Producers should be allowed to decide the best way to get the recyclables they need to meet their targets. Producers should be allowed to use other channels or methods to collect their printed paper and packaging, where appropriate. Producers should also be able to evolve and change the standard list of Blue Box materials to reflect changes in packaging and new methods of collection.

Any process that has the potential to change what goes in the Blue Box must be transparent, accessible, and have oversight. A list of materials set in regulations might not provide the requisite flexibility; I recommend that the regulations establish a flexible, transparent, and predictable listing and review process.

Recommendations:

- Regulations should make producers responsible for all printed paper and packaging they put into the market by setting clear goals for diversion from landfill, but they should provide flexibility for producers to identify the best way to achieve these goals.
- Regulations should establish a standard list of Blue Box materials that must be collected through Blue Boxes across Ontario, and also allow producers to use other methods to meet or supplement diversion requirements.
- Regulations should establish a transparent process that will allow producers to change which materials are collected in the Blue Box versus other methods.
- Producers should be encouraged to use other methods to divert materials that cannot be recycled by the Blue Box or that might contaminate collected materials.

6.5 Determining eligible sources for Blue Box materials

Municipalities and producers agreed that all communities that have Blue Box services must continue to have access to recycling during and after transition. This includes Indigenous communities that operate Blue Box systems. Multi-unit residential buildings, parks, and public spaces that currently receive Blue Box service should also be included. It was also understood that as new residences are built, these homes will be included in the producer responsibility system.

Over time, the system should gradually expand to more multi-residential buildings, and to parks and public spaces where municipalities collect waste, to increase diversion and take advantage of efficiencies and economies of scale. Ontario needs to have a larger conversation about where and how to improve recycling, particularly in public spaces. Further data is needed to make sure public space diversion targets the right materials and results in viable recycling streams.

Recycling outside the home is important to the people of Ontario. Ontarians get frustrated when offices, shopping malls, or institutions recycle in different ways from what they experience in their homes.

The industrial, commercial and institutional sectors have their own regulations and arrangements for diversion. In these sectors, the 3Rs Regulations make facility owners and operators responsible for source separating wastes. But diversion rates are low, and municipalities and producers agreed that the current rules, which are more than 20 years old, need to be updated.

Ontario has committed to review the 3Rs Regulations and develop a recycling framework that applies low-burden, outcomes-based rules fairly across these sectors.

Changes to the regulations for recycling in the industrial, commercial and institutional sectors should build on existing waste diversion and recycling practices in order to increase recycling rates. The types of industrial, commercial, and institutional facilities vary widely across the different sectors, making a one-size-fits-all approach to recycling unsuitable. The province needs to engage these sectors to develop recycling rules that target the right establishments and materials.

A key objective in updating these rules should be that Ontario citizens see a better alignment between the materials they recycle at home and the materials collected at work, in commercial locations, and at institutions.

Recommendations:

- Producers should provide Blue Box collection wherever it was provided by municipalities or Indigenous communities as of a specified date, and going forward they will provide Blue Box service for new residential developments.
- After completing transition, producers should gradually expand collection in multi-residential buildings, as well as parks and public spaces where municipalities provide waste collection.
- Blue Box services should not be expanded to industrial, commercial and institutional establishments as these facilities already have their own waste servicing arrangements and existing contracts for diversion. In addition, recycling in these facilities is covered by a different regulatory framework at this time.
- It is important that Ontarians have similar opportunities to recycle whether they are at home, work or out in public. The province should review and modernize the regulatory framework for industrial, commercial and institutional facilities to improve overall diversion rates in Ontario and to better align the kinds of materials recycled in this sector with the materials that are recycled through the Blue Box.

6.6 Setting effective diversion targets

An effective common collection system needs access to large volumes of high-quality materials.

Regulated targets drive high recycling rates and can help create a recycling economy in Ontario. Targets for collection and recycling are important to making sure producer responsibility results in usable materials that can be used in new products and packaging. Regulated targets create competition for innovative and cost-effective collection and processing methods, unleashing the creativity of the private sector.

Ontario's producer responsibility rules need to work in harmony with those in other jurisdictions. This way producers should have a level playing-field and Ontarians can aspire to be a world-class recycling economy. Where possible, producer responsibility rules should include or reward the use of recyclable and recycled materials in packaging to promote recycling.

Leading jurisdictions in Europe and North America have committed to high-level targets and timelines for specific-material types. As I noted earlier in my report, major multinationals have made commitments to sustainability, many of which involve targets for the recyclability of products and packaging. If

Ontario is to achieve the best possible diversion outcomes, it should recognize and leverage these commitments in its target-setting.

Our efforts need to be focused. Targets need to reflect the diversity of materials in the Blue Box system and the differences in how they are managed. For example, a target that includes all plastic packaging would rely on the highly recyclable PET bottles and ignores the low current diversion rates for plastic film or polystyrene. Detailed material-specific targets will help spark action on the materials that need it most.

In determining how targets will be measured (e.g., weight, emissions, or otherwise), the province should consider metrics that will be relevant for years to come and tightly linked to the environmental and economic outcomes that the Blue Box system will deliver.

Recommendations:

- A single, overall Blue Box target is neither workable nor effective. The province should consult to identify specific targets for different types of printed paper and packaging material.
- The categories should be specific enough that they can be used to identify materials that have low diversion rates, so that action can be taken to improve diversion.
- The province should set targets that will drive diversion and challenge the ingenuity of Ontario's industry to innovate and find new efficiencies and cost-savings.
- Targets should progressively increase over time to ensure that Ontario's recycling services continue to innovate and evolve.

6.7 Promoting increased diversion from landfill

Ontario has a strong history with reducing, reusing, and recycling. Municipalities and producers remain committed to the 3Rs as one of the core principles for producer responsibility.

Participants agreed that the province should make waste reduction a priority. Producers want to be recognized for the work they've done to reduce waste. And municipalities have often led the way in promoting waste reduction to the people of Ontario.

The province should explore options that get the best environmental results. In some cases, reuse may be more energy-efficient and offer greater cost

savings compared to recycling and remanufacture. The regulations should consider ways to recognize producers that have innovated to implement reusable packaging, and to incent others to make similar design choices.

Regulations should be responsive to new advances in recycling technology. The province should use the principle of “keeping the molecule in play” when considering which recycling technologies should count as diversion. “Keeping the molecule in play” is about extending the life and use of materials as long as possible. Technologies and processes that go beyond traditional recycling methods to turn materials into new products should be encouraged.

Technologies that involve the destruction of the molecule to create energy-from-waste should not count as diversion. However, there may be a role for this as part of the solution for diverting the amount of waste that is sent to landfills where reduction, reuse, and recycling efforts have been exhausted.

Recommendations:

- Reduce, reuse, recycle should count as diversion. That is, processes that continue to make materials available as a resource for new products or packaging should be considered diversion.
- Incineration and energy-from-waste should not count as diversion.
- Don't lose sight of the first R – reduction. Where feasible, producer responsibility regulations should recognize and reward producers for reducing waste and improving their environmental performance.

7. Thinking bigger than the Blue Box

The Blue Box helped create a culture of recycling in Ontario. We can build on this to do more to reduce waste, make recycling easier and reduce plastics and litter in our communities.

A responsive, effective and efficient curbside recycling system has the potential to drive investment in new technologies and make Ontario a leader in the recycling industry.

Mediation participants agreed – this transition, if done right, presents a unique opportunity to help clean up our communities, foster innovation, create good jobs and grow our recycling economy at home, in Ontario.

Blue Box is only one part of improving recycling in Ontario.

Everyone around the mediation table agreed that Ontario needs to divert more waste from industrial, commercial and institutional facilities. And with diversion rates in our businesses and institutions reported at 17 percent, I agree.

As I identified earlier in my report, these sectors have their own recycling rules, in the 3Rs Regulations. They also have their own networks for recycling waste. Some participants suggested that these factors make applying producer responsibility in these sectors a challenge, however, they all agreed that modernizing the rules for recycling in these sectors is of utmost importance. As noted earlier, these regulations should better align with the materials that go in the Blue Box to ensure a co-ordinated approach to recycling in Ontario.

Improving recycling is about helping people do the right thing.

Residents have a strong role to play in making the best use of waste materials. Co-ordinated, province-wide promotion and education is critical to build and strengthen upon our Blue Box culture and make waste reduction a part of everyday life.

It is important that residents put paper and packaging in the right place when they generate waste. As we all know, that doesn't always happen. Governments, producers, and the waste sector all play a part, and so do individuals. We need concerted efforts to change this behaviour.

Residents have a role to play in rebuilding the Blue Box. When we recycle the right way, we increase diversion, reduce litter, and keep recycling streams clean. Strong producer responsibility targets will help drive producers to

maximize diversion and help the public do the right thing. A standardized list of materials will reduce confusion and contamination.

The promotion and education required as part of producer responsibility will raise awareness of where and how we can recycle. These are important steps. But it won't be successful if residents don't do their part. We must all work together to achieve success.

When it comes to litter, we need to change behaviour before and after we generate waste.

Understanding why and where litter occurs is fundamental to keeping our communities clean. Municipalities have extensive experience in tackling litter; many have audits and studies that can help us better understand litter behaviour. The province should continue to work with the beverage industry to learn from their litter and public space recycling initiatives and pilot best practices in public spaces and parks.

The province's commitment for a province-wide litter clean-up day is another building block. The producers and municipalities around the mediation table expressed their support for these initiatives. I encourage the province to partner with producers and businesses to promote clean-up days to maximum effect, and co-ordinate with municipalities to build on their existing clean-up efforts.

Recycling on the Go: Improving Diversion in Public Spaces

Manitoba's producer-funded Recycle Everywhere Program promotes beverage container recycling away from home. More than 60,000 recycling bins have been installed on streets, in parks, community centers, arenas and other public buildings around the province. The program has increased Manitoba's beverage container recovery rate from 42 percent to 70 percent from 2010 to 2016. Coupled with a strong public education campaign, some communities have seen litter reductions as high as 87 percent since the start of the program.

Ontario has a unique opportunity to show leadership on plastics.

We've all seen the reports of plastic in our oceans and harming our marine life. Up to 8 million tonnes of plastic enters the world's oceans annually. Closer to home more than 80 percent of litter collected during volunteer shoreline cleanups is plastic waste. An estimated 10,000 tonnes of plastic debris enter the Great Lakes each year.

Governments around the world have recognized the need to act. The European Union has issued a directive that sets a target of recycling 90 percent of all

plastic beverage containers by 2029. They intend to mandate the use of more recyclable materials in plastic packaging and ban single-use products where alternatives exist. In 2018, G8 countries agreed to a challenge to address marine plastic pollution by managing plastics more sustainably throughout the whole life-cycle.

Here in Canada, the federal government announced its intent to potentially ban harmful single-use plastics as early as 2021. The Canadian Council of Ministers of the Environment recently released Phase One of their Canada-wide Action Plan on Zero Plastic Waste. This first phase focuses on the design, use, collection, and recycling of plastics along with the development of markets for the recycled products.

I urge the province to take strong action to reduce plastic pollution and to be a voice for decisive, focused, and co-ordinated action at both the national and international level, working co-operatively with the federal government and other Canadian jurisdictions. It is critical that residents and businesses are not faced with competing initiatives that create a confusing patchwork quilt of requirements and commitments.

Improving the recycling of plastic packaging isn't the only answer to our plastics problem, but it is certainly one of the most important solutions. Ontario's Blue Box program reaches the most people and manages the most materials of any curbside program in Canada. Transitioning the Blue Box to producer responsibility is not only a chance for Ontario to get things right – it is also a chance to lead the way on recycling in Canada and abroad.

Action on plastics must be comprehensive. We must recognize that packaging is only one part of the plastic problem. Packaging accounts for 47 percent of plastic waste in Canada and is one of the most frequently recycled plastic materials. In fact, plastic packaging makes up 88 percent of the recycled plastic resin that was used to make new products in 2016. This shows that recycling is critical to keeping plastics out of our environment. With the right steps toward producer responsibility, we can recycle even more.

Single-use plastics include a wide variety of items, uses, and materials. Action on single-use plastics must be surgical to ensure these measures target the right product with the right requirements. Studies will help us understand where, when, and how these products are used, and that their alternatives are widely available and beneficial for our environment. The province, where possible, should act as a broker to link our university researchers with producers, the plastics industry, and recyclers to help get innovative and sustainable solutions to problem plastics into the market.

Rethinking recycling: Chemical recycling

GreenMantra Technologies of Brantford, Ontario uses a chemical reaction to transform recycled materials, such as certain complex plastics, into higher value polymers. This process drives economic value by opening new applications and additional outlets for waste plastics where conventional recycling cannot provide an adequate solution.

Ontario can reap the economic benefits of being a top recycler – if we have a co-ordinated provincial strategy.

Ontario's residential waste collection systems manage literally hundreds of thousands of tonnes of waste. Our first objective should be to reduce that overall amount of waste; our second objective should be to reuse as much as possible; our third objective should be to recycle. It is at this third step – recycling – that we should think of this as mining resources out of the waste stream. Improving diversion from landfill and the efficiency of collection systems over time will create a volume of recyclable material that will be an input into the creation of new products, jobs and economies in Ontario.

One of the things that surprised me was how much Blue Box plastic is recycled right here in Ontario. Under the right conditions, waste can truly be a resource. Ontario's waste sector has the experience in collecting, managing and processing recyclables.

Feedback from the mediation sessions indicated that Ontario's waste management sector wants to invest in processing facilities and that producers are ready to help support those investments. Ontario can capitalize on the restrictions on the import of recyclables in Asia to become a leading processor for the Great Lakes region. It is imperative that Ontario establish the right conditions to capitalize on producer responsibility for the benefit of our economy.

Building a recycling economy is broader than just producer responsibility. It is through the reclaimed and reused material that we can create increased economic opportunity. Investment in research and innovation to create the jobs from the recycled materials should be an interministerial responsibility. Garbage and recycling are not just an environmental issue – they are also economic opportunities. The province should ensure that ministries collaborate across government to develop a plan for how we as Ontarians might maximize the economic benefits of being a leading recycling jurisdiction.

Recycling at Home: Keeping Materials in the Ontario Economy

More than 99 percent of the plastics collected by the city of Toronto are sold to recyclers right here in Ontario, going to facilities in Shelbourne, Sarnia, and Toronto. Steel and glass collected by Toronto's recycling programs are processed in Hamilton and Guelph, respectively. This is a prime example of recycling creating jobs and adding value to Ontario's economy.

Recommendations:

- Co-ordinated, province-wide promotion and education is critical to build upon our Blue Box culture, reduce litter, and make waste reduction a part of everyday life.
- Ontario should take strong action to reduce plastic pollution and be a voice for decisive, focused, and co-ordinated action at both the national and international level. All parties must not lose sight of the fact that packaging is only one part of our plastics problem.
- The province should ensure that all ministries work together to develop a collaborative plan for Ontario to become a leading jurisdiction for innovation and economic growth in the recycling industry.

Conclusion

In closing my report, I want to recognize those that helped me get here. The commitment of Ontario's businesses and municipalities for a transitioned Blue Box program has been impressive and is highly commendable. Every person that attended the mediation sessions came willing to engage, question, answer, and discuss. The sessions were both collegial and thoughtful. I have enjoyed facilitating sessions and becoming immersed in the complex but fascinating world of waste management over a very intense six weeks.

I know I am not alone when I say that Ontario is on the cusp of a once-in-a-generation opportunity to improve our environment and build our economy. I know this, because this was frequently expressed by the participants in the sessions.

All participants agree that Ontario needs to make producers responsible for diverting their products and packaging. Municipalities are willing to transfer their recycling programs to producers. Some of the world's largest companies are willing to take on the full cost of recycling to help us better control costs and improve products. This is all happening in the midst of a global focus on reducing waste and improving recycling. This is a unique opportunity for Ontario. The conditions are right to rebuild the Blue Box into a recycling system that will help us reduce waste, protect our environment, and contribute to our economy not only for us, but also for our children.

At every stage of the mediation, I heard that transitioning to producer responsibility is bigger than the Blue Box.

The people of Ontario expect pristine waterways and wilderness, so wildlife can thrive. They expect parks to be free of litter and garbage. Pride and respect for our natural environment is a part of the fabric of living in Ontario.

It's my opinion, however, that the people of Ontario want more than clean communities. They want a society that recycles more and needs fewer landfills. They want an economy that rewards competitors for avoiding waste and using waste materials to create new products. They want every opportunity to reduce waste; and where waste is unavoidable, they want products and packaging that are designed to be easier and cheaper to recycle.

I think these expectations are fair and they are within our grasp.

Moving the Blue Box to producer responsibility is a first step in an important path that will help rebuild the Blue Box, protect our environment, and build our economy. Landfills bury resources in the ground. Recycling returns them to productive use. I truly believe that, with the right steps to optimize our recycling systems, Ontario can become a leader in recycling. Ontario can be

an attractive place for the recycling industry to invest, create jobs and compete nationally and internationally.

Transitioning the Blue Box is a complex endeavour. The next steps will require considerable additional effort on the part of all participants. Given the commitment I have seen demonstrated by all participants during this process, I am convinced that Ontario's Blue Box services and the broader waste management system will continue to improve and respond to changing technology and increasing demand by consumers for responsible packaging, enhanced recycling and waste diversion.

Appendix A – Mandate Letter

Ministry of the Environment,
Conservation and Parks

Office of the Minister

777 Bay Street, 5th Floor
Toronto ON M7A 2J3
Tel: 416-314-6790

Ministère de l'Environnement, de la
Protection de la nature et des Parcs

Bureau du ministre

777, rue Bay, 5e étage
Toronto (Ontario) M7A 2J3
Tél : 416.314.6790



June 7, 2019

Dear Mr. Lindsay,

I would like to express my appreciation to you for agreeing to volunteer as a Special Advisor on Recycling and Plastic Waste to help the people of Ontario and their government tackle the serious problem of plastic pollution, a key commitment in the Made-in-Ontario Environment Plan.

Ontario families take pride in doing their part for the environment. Ontarians are national leaders in reducing greenhouse gas emissions, and our own city of Kitchener was the birthplace of the world's first Blue Box program. Knowing this, I was disappointed to learn that, while Ontario families do their part by diligently sorting their recycling, government and industry are failing them.

Today, Ontario's recycling rates have been stalled for 15 years and up to 30% of what is put into blue boxes is sent to landfill. Some of Ontario's plastic litter and waste is being shipped across the ocean to the Philippines and Malaysia. Meanwhile, plastic and other litter is increasingly plaguing our parks, highways, rivers and lakes.

This is unacceptable—both industry and government must do better.

It is for these reasons I look forward to you providing advice on how to improve recycling through the Blue Box Program and better manage plastic pollution.

In addition, I ask that your work be guided by the following public policy objectives:

- Standardization across the province of what can be recycled in offices, parks, public spaces and homes;
- Improve diversion rates and increase what materials can be recycled;
- Reduce litter and waste in communities and parks;
- Improve Ontario's Blue Box program by requiring producers to pay for the recycling of the products they produce, through achieving producer responsibility; and

- Maintain or improve frequency of Blue Box collection.

When increasing diversion in the residential sector, consider how these policies can also enable diversion in the institutional, commercial and industrial sector.

Your work will consist of two roles: a mediation role where you, as an impartial mediator, will foster discussion and help producers, municipalities and other stakeholders to move closer to or reach agreement on key issues; and an advisory role, where you will provide me with advice on how these issues may be best addressed to ensure Ontario's recycling system is more consistent, reliable and cost-effective for Ontarians.

To assist you in this work, I have also requested a jurisdictional review on how leading jurisdictions are employing innovative technologies to improve recycling efficiency and diversion rates for you to consider.

The current Blue Box Program has been in place since the 1980s and had great early, world-renowned success in recovering residential printed paper and packaging for recycling. In recent years, however, waste diversion rates have stalled in Ontario and been surpassed in other provinces. Meanwhile the costs to operate the program are rising.

While many countries used to take our recycled material, they are increasingly shutting their doors. In 2018, China launched "National Sword," a policy which bans the importation of many recycled plastics and other materials – including from Ontario. This has resulted in increased recycling costs, increased material being sent to landfill, and more plastic litter and waste in our communities.

Mandating producer responsibility will obligate producers across Ontario to pay for and manage their materials. It will also enable a single common list of what can be recycled across the province. This system is a cost-effective and accountable way to promote innovation and to make sure Ontarians' recycling efforts are more effective, resulting in increased recycling and diversion rates.

At the conclusion of your work, please provide me with a report that outlines where the parties reached agreement and your recommendation on how to address any outstanding issues by July 20, 2019.

Thank you again for volunteering your time to help government and industry live up to the expectations of Ontarians when it comes to plastic pollution and recycling.

Regards,

Rod Phillips

Minister

Appendix B – Mediation Participants and Process

Over June and July 2019, I held consultations with stakeholders from municipal and industry sectors that will be most affected by transitioning the Blue Box Program to producer responsibility, including:

- Association of Municipalities of Ontario
- Canadian Beverage Association
- Canadian Federation of Independent Business
- Canadian Newspaper Association
- City of Toronto
- Food & Consumer Products of Canada
- Loblaw
- Magazines Canada
- Proctor & Gamble
- Regional Public Works Commissioners of Ontario
- Retail Council of Canada
- Unilever Canada
- Walmart

Meeting Date	Session
Wednesday, June 19	Mediation session to discuss a measured timeframe for transition and transitioning Blue Box assets.
Thursday, June 20	Public webinar to describe the mediation process, timelines, key issues to be discussed, and the process to provide submissions to the mediation process.
Monday, June 24	Mediation session to discuss standardizing the list of materials and determining eligible sources of Blue Box materials.
Wednesday, July 3	Mediation session to discuss setting effective diversion targets and promoting increased diversion from landfill.

APPENDIX III

UPDATE ON THE TRANSITION OF THE BLUE BOX PROGRAM TO FULL PRODUCER RESPONSIBILITY

Renewing the Blue Box: Final Report on the Blue Box Mediation Process

Tuesday, July 9	Mediation session to discuss ensuring a common collection system.
Wednesday, July 17	Mediation session to provide a summary of mediation findings and discuss next steps.

The mediation also received 37 written submissions.

APPENDIX IV

UPDATE ON THE TRANSITION OF THE BLUE BOX PROGRAM TO FULL PRODUCER RESPONSIBILITY

Ministry of the Environment,
Conservation and Parks

Office of the Minister

777 Bay Street, 5th Floor
Toronto ON M7A 1N3
Tel.: 416-314-6790

Ministère de l'Environnement,
de la Protection de la nature et des
Parcs

Bureau du ministre

777, rue Bay, 5^e étage
Toronto (Ontario) M7A 1N3
Tél. : 416.314.6790



August 15, 2019

Mr. John Coyne
Chair
Stewardship Ontario
1 St Clair Ave. West, 7th Floor
Toronto, ON M4V 1K6

Dear Mr. Coyne:

The Blue Box program has been providing Ontarians with a convenient option for collecting and recycling printed paper and packaging for many years. In recent years, it has become apparent that the growing challenges in delivering and funding the program must be addressed. After hearing from many interested parties, I believe the time has come to modernize and improve Ontario's Blue Box services by transitioning from the existing program that provides industry funding to reimburse a portion of municipalities' costs to a full producer responsibility model where industry will be responsible for both funding and operations. The transition to producer responsibility will ensure Ontarians' experience and access to existing Blue Box services will not be negatively impacted and that there are province-wide services available, including for Northern, rural and Indigenous communities.

As a necessary complementary step to transitioning to a producer responsibility model, pursuant to Section 14 of the Waste Diversion Transition Act, 2016 (WDTA) I am directing Stewardship Ontario (SO), to develop a plan in respect of the funding program for blue box materials under the WDTA (the SO Program) and for SO itself. SO must submit the plan to the Resource Productivity and Recovery Authority (the Authority) for approval no later than June 30, 2020.

This direction will begin the process by which Ontario will implement a modern, producer-operated system that will provide consistent province-wide recovery of Blue Box materials under the Resource Recovery and Circular Economy Act, 2016, and ensure there is no disruption to Blue Box services.

The development of the plan must be conducted in accordance with this direction as well as the provisions of the WDTA and its regulations, including O. Reg. 357/17.

I am directing that the plan describe a mechanism for determining the steward fees necessary to provide for payments to municipalities and First Nation communities until the time they transfer responsibility for providing Blue Box services to producers. The plan will establish criteria for a three year period in which municipalities and First Nation communities will no longer be eligible to receive funding under the SO Program, starting on January 1, 2023 and ending on December 31, 2025, which is the date that SO Program will end and the new producer responsibility framework will be fully implemented.

It is in the public interest that the plan is consistent with the following principles:

Demonstrate transparent communications and meaningful consultation

- Parties affected by the transition should be consulted and have opportunities for meaningful engagement during the development and implementation of the plan.
- The public, Indigenous peoples and affected stakeholders, including stewards, municipalities and service providers (e.g. collectors, haulers, processors, recycled product manufacturers) will receive transparent and clear communications from SO on a regular basis during development and implementation of the plan.

Support competition and prevent conflict of interest

- The plan shall support competition in, and not adversely affect, Ontario's current and future marketplace for the collection and recovery of paper products and packaging. The plan shall not provide for unfair or preferential treatment of the public or any affected parties, or barrier to competition during or following the transition of the program.
- SO shall take all necessary steps to ensure there is no real, potential or apparent conflict of interest when developing and implementing the plan.
- SO's sharing of data and information to parties other than the Resource Productivity and Recovery Authority (the Authority) must be done through a fair, open and transparent process that does not result in preferential treatment of one person or group over another or release of any confidential information.

Demonstrate Fairness to Stewards and Protect Consumers

- The assets, liabilities, rights and obligations of SO related to the SO Program must be dealt with in a fair, open and transparent process in accordance with applicable law.
- All monies held in trust by SO related to the SO Program shall be treated appropriately in accordance with the WDTA and its regulations.

Maintain Program Performance

- There shall be no disruption in payments made by SO to a municipality or First Nation community under the SO Program until the time when that municipality or

First Nation community is no longer eligible to receive funding based on criteria established in the plan.

- Ontarians' access to and experience with the Blue Box program shall not be negatively impacted. It is my expectation that, while allowing for natural growth of Blue Box services to new residential development or redevelopment, municipalities and First Nation communities shall not reduce or expand existing levels of Blue Box services that are eligible for funding under the SO Program.

An addendum to this letter provides specific direction related to the details that SO must include in its plan for the SO Program and for SO.

The implementation of the plan shall begin on the date on which the Authority approves the plan. It is my expectation that the Authority will approve the plan no later than December 31, 2020.

It is expected that SO will engage and work cooperatively with the Authority in implementing any policy direction issued to the Authority pursuant to Section 29 of the *Resource Recovery and Circular Economy Act, 2016* (RRCEA). This includes ensuring that real, potential or apparent conflict of interest concerns have been addressed prior to and during the development of the plan.

If it is in the public interest to do so, I will provide further direction or clarification at a later date related to the matters set out in this direction.

Lastly, SO shall make publicly available on SO's website this direction letter, as well as the complementary policy direction letter issued to the Authority.

Sincerely,

Jeff Yurek
Minister

c: Mr. Serge Imbrogno, Deputy Minister, Ministry of the Environment, Conservation and Parks
Ms. Glenda Gies, Chair, Resource Productivity and Recovery Authority

Addendum to the Minister's Direction Letter for the Blue Box Waste Diversion Program and Stewardship Ontario

Stewardship Ontario (SO) is directed to develop a plan for the funding program for blue box materials (the SO Program) under the Waste Diversion Transition Act, 2016 (WDTA) and for SO itself that includes the following:

- A description of the designated wastes that are covered in the Blue Box program.
- A description of how the SO Program will be operated while the plan is being implemented, acknowledging the following:
 - The funding for municipalities and First Nation communities to participate in the SO Program shall end over a three-year period between January 1, 2023 and December 31, 2025.
 - SO's role in transferring payments to a municipality or First Nation community under the SO Program shall end on the date that obligated producers have assumed full responsibility for the collection and management of blue box materials from that municipality or First Nations community.
 - The plan shall recognize, and be responsive to, the fact that a future regulation under the *Resource Recovery and Circular Economy Act, 2016* will set the criteria and process by which municipalities and First Nation communities will transfer to full producer responsibility.
 - The calculation of the funds due to be paid to each municipality and First Nation community under the SO Program shall be proportional to the number of months in a calendar year in which the municipality or First Nation community remains under the SO Program.
 - The Continuous Improvement Fund shall receive no additional contributions and shall end as soon as practical prior to December 31, 2025.
- A proposed timeline according to which key aspects of the plan will be implemented.
- A description of and a proposal for dealing with the assets, liabilities, rights and obligations of SO in relation to the SO Program including:
 - All monies held in trust by SO related to the SO Program pursuant to Section 35 of the WDTA.
 - An approach that outlines how SO will deal with any information technology systems related to the SO Program to ensure fair and equitable access to all users, as an alternative to disposing of these assets for fair market value.
 - Any other assets of SO related to the SO Program, including, and without limitation, any intellectual property, physical assets or real property.

- Any liabilities incurred by SO during the development and implementation of the SO Program and anticipated to be incurred during the development and implementation of the plan.
 - A detailed account of anticipated costs arising from the plan, and a detailed account of how SO will finance these costs.
 - A detailed account of how SO proposes to equitably apportion its assets, liabilities, rights and obligations among stewards of Blue Box materials.
 - The plan shall set out a proposal to deal with any residual funds after the SO Program has ended and SO has finished its final financial reconciliations for the program and organization.
- A description of all data and information that is within SO's custody or control and that is related to the operation of the SO Program since the Minister's program request letter of September 23, 2002, and a proposal for transferring all data and information to the Resource Productivity and Recovery Authority (the Authority), including:
 - The process for transferring all the data and information to the Authority within any timeframes specified by the Authority.
 - The data and information that is to be transferred to the Authority, including, but not limited to:
 - A list of all registered stewards, including their business addresses and contact information; the nature of each steward's designation under the WDTA (e.g. whether designated because the steward is a brand holder, a first importer, or other person); the type and amount of Blue Box materials supplied by the steward into the Ontario marketplace; and,
 - Other additional data and information requested by the Authority.
 - Data and information related to the SO Program that is in SO's custody or control shall not be for sale.
- A proposal for identifying confidential or personal data and information and indicating how such data and information will be supplied in confidence when transferring it to the Authority, which will assist the Authority in determining its treatment of such data and information based on applicable law and policies.
- Demonstration and documentation that any party currently having access to SO data and information only retain data that is equivalent to the information that will be shared through a fair, open and transparent process
- The procedures that SO is putting in place to ensure there is no real, potential or apparent conflict of interest in respect of the plan's development, contents or implementation. Without limiting the scope of these procedures, the plan should address:
 - Any real, potential or apparent conflict of interest in respect to SO's relationship with the Canadian Stewardship Services Alliance (CSSA)

- Any necessary steps to ensure that the CSSA does not receive preferential treatment over other potential market participants in respect of Blue Box resource recovery markets that may be created under the RRCEA.
- A description of changes to the SO Program that are anticipated to be necessary to implement the plan.

I am further directing that the plan include the following:

- A detailed report of SO's communications with affected parties and the public during the development of the plan.
- A detailed proposal for a communications plan for all affected parties and the public during the implementation of the plan, if approved, including:
 - The process by which SO will provide information to the affected parties and the public on a regular basis.
 - A description of the key steps that will be taken related to the plan and show how affected parties and the public will be affected by the transition.
- A detailed report of how SO has met the consultation requirements of subsection 14(13) of the WDTA during the development of the plan, including:
 - A list of the stewards, municipalities, Indigenous peoples, service providers and other affected parties that were consulted during the development of the plan.
 - A summary of comments received by SO from affected parties.
 - A report of how the comments were considered by SO in the development of the plan.

APPENDIX IV

UPDATE ON THE TRANSITION OF THE BLUE BOX PROGRAM TO FULL PRODUCER RESPONSIBILITY

Ministry of the Environment,
Conservation and Parks

Ministère de l'Environnement,
de la Protection de la nature et des
Parcs

Office of the Minister

Bureau du ministre

777 Bay Street, 5th Floor
Toronto ON M7A 1N3
Tel.: 416-314-6790

777, rue Bay, 5^e étage
Toronto (Ontario) M7A 1N3
Tél. : 416.314.6790



August 15, 2019

Ms. Glenda Gies
Chair
Resource Productivity and Recovery Authority
4711 Yonge Street, Suite 408
Toronto, ON M2N 6K8

Dear Ms. Gies:

The Blue Box program has been providing Ontarians with a convenient option for collecting and recycling paper products and packaging for many years. In recent years, it has become apparent that the growing challenges in delivering and funding the program must be addressed. After hearing from many interested parties, I believe the time has come to modernize and improve Ontario's Blue Box services by transitioning from the existing program that provides industry funding to reimburse a portion of municipalities' costs to a full producer responsibility model where industry will have control of both funding and operations. The transition to producer responsibility will ensure Ontarians' experience and access to existing Blue Box services will not be negatively impacted and that there are province-wide services available, including for Northern, rural and Indigenous communities.

As a necessary complementary step to transitioning to a producer responsibility model, I have issued direction to Stewardship Ontario (SO), pursuant to Section 14 of the Waste Diversion Transition Act, 2016 (WDTA), to develop a plan in respect of the funding program for blue box materials under the WDTA (the SO Program) and for SO itself.

This direction will begin the process by which Ontario will implement a modern, producer-operated system that will provide consistent province-wide recovery of Blue Box materials under the Resource Recovery and Circular Economy Act, 2016 (RRCEA), and ensure there is no disruption to Blue Box services.

Pursuant to Section 29 of the RRCEA, I am issuing policy direction to the Resource Productivity and Recovery Authority (the Authority) with respect to its duties relating to the SO Program under the WDTA.

This policy direction is complementary to my direction letter dated August 15, 2019 to SO issued pursuant to Section 14 of the WDTA to develop a plan in respect of the SO Program and SO.

I am directing the Authority, further to its duties under the WDTA related to its oversight of the SO Program and SO; determine the amount of money required by SO to carry out its responsibilities related to the SO Program under the WDTA; and monitor the effectiveness of SO while the plan is being implemented. To undertake these duties, the Authority should conduct the following activities.

- Ensure that real, potential or apparent conflict of interest concerns have been addressed prior to and during the development of the plan.
- Review the 2020-2025 program budgets for the SO Program jointly with SO to:
 - Develop an approach to ensure sufficient funds are available in relation to the plan.
 - Review SO's proposal to apportion assets, liabilities, rights and obligations among stewards of paper products and packaging and ensure the apportionment is fair and equitable.
- Administer the Datacall, calculate the annual steward obligation, and allocate steward funding to municipalities and First Nation communities including through the administration of the Continuous Improvement Fund in such a way that reflects the following expectations and conditions:
 - While allowing for natural growth of Blue Box services to new residential development or redevelopment, municipalities shall not reduce or expand existing level of Blue Box services that are eligible for funding under the program.
 - The funding for municipalities and First Nation communities to participate in the SO Program shall end over a three-year period between January 1, 2023 and December 31, 2025.
 - SO's role in transferring payments to a municipality or First Nation community under the SO Program shall end on the date that obligated producers have assumed full responsibility for the collection and management of blue box materials from that municipality or First Nation community.
 - The plan shall recognize, and be responsive to, the fact that a future regulation under the RRCEA shall set the criteria and process by which municipalities and First Nation communities will transfer to full producer responsibility.
 - The calculation of the funds due to be paid to each municipality and First Nation community under the SO Program shall be proportional to the number of months in a calendar year in which the municipality or First Nation community remains under the SO Program.
 - The Continuous Improvement Fund shall receive no additional contributions and shall end as soon as practical prior to December 31, 2025.

To facilitate such activities, it is expected that the Authority will obtain quarterly reports from SO within four weeks of the end of each remaining quarter in 2019-2025 regarding SO's revenues and expenditures in order for the Authority to oversee SO's development of the plan and, if approved by the Authority, the implementation of the plan.

When reviewing the plan, the Authority shall assess whether it is consistent with the direction letter issued to SO and its compliance with the WDTA and its regulations.

I also expect that the Authority will consult with representatives of municipalities, Indigenous peoples, stewards and other affected parties when assessing SO's proposed plan, as required by subsection 14(14) of the WDTA.

It is my expectation that the Authority shall approve the plan for the SO Program and SO no later than December 31, 2020.

I trust the Authority will engage with SO on an ongoing basis to ensure management of SO's affairs in accordance with the WDTA and its regulations, having regard to the plan for the SO Program and SO.

Lastly, the Authority shall make publicly available on the Authority's website my direction letter to SO as well as this policy direction letter.

Sincerely,

Jeff Yurek
Minister

c: Mr. Serge Imbrogno, Deputy Minister, Ministry of the Environment, Conservation and Parks
Mr. John Coyne, Chair, Stewardship Ontario

DATE: September 24, 2019

REPORT TITLE: **COMMUNITY RECYCLING CENTRE OPTIMIZATION STUDY AND PUBLIC CONSULTATION PLAN UPDATE**

FROM: Andrew Farr, Acting Commissioner of Public Works

RECOMMENDATION

That the public consultation approach to engage Peel residents for feedback on potential service improvements and changes from the Community Recycling Centre Optimization Study as described in the report from the Acting Commissioner of Public Works titled “Community Recycling Centre Optimization Study and Public Consultation Plan Update” be endorsed.

REPORT HIGHLIGHTS

- The Region of Peel’s Roadmap to a Circular Economy long-term strategy includes an action to review the services offered through Peel’s Community Recycling Centres to maximize opportunities for resource recovery.
- The study identified potential service and policy changes that would maximize opportunities to divert waste from landfill.
- The Region of Peel recognizes that any service and policy changes at the Community Recycling Centres will have an impact on its users.
- It is important for the Region to gather feedback from the residents prior to implementing any service or policy changes, and to understand the best methods of communicating the changes to users.
- A public consultation approach has been developed to ensure that Community Recycling Centre users and interested Peel residents are effectively engaged about the potential changes, while meeting the Region’s overall waste management objectives under its Roadmap to a Circular Economy long-term strategy.

DISCUSSION

1. Background

The Community Recycling Centres are waste management facilities used to complement curbside waste collection services within the Region of Peel. These recycling centres offer a convenient way for residents and small businesses to recycle and dispose of material not typically accepted for curbside collection.

There are six Community Recycling Centres within Peel: two in the City of Mississauga, two in the City of Brampton and two in the Town of Caledon. The Region of Peel began operating Community Recycling Centres in 1998 and since that time, the services at the

COMMUNITY RECYCLING CENTRE OPTIMIZATION STUDY AND PUBLIC CONSULTATION PLAN UPDATE

Community Recycling Centres have evolved to meet the needs of the residents and small businesses of Peel.

To continue meeting residents' evolving needs, and in response to provincial, national and global environmental policy and waste industry changes, Peel's Roadmap to a Circular Economy, which was approved by Regional Council on December 14, 2017 (Council Resolution 2017-972), includes a commitment to study the services offered through Peel's Community Recycling Centres to maximize opportunities for resource recovery.

Staff brought an update report to the Waste Management Strategic Advisory Committee on June 20, 2019 titled "Community Recycling Centre Optimization Study Update" which outlined the scope of the project, presented preliminary staff findings and introduced the need to consult the public on potential service changes to the Community Recycling Centres.

This report provides a further update on the project and a consultation plan for engaging Community Recycling Centre users to gather feedback about the proposed service changes to the Community Recycling Centres.

2. Community Recycling Centre Optimization Study

Staff is conducting a study of the services provided at the Region of Peel's Community Recycling Centres to optimize the recovery of resources through these facilities. This study includes the following:

- Analysis of 10 years' worth of data from the Region of Peel's Community Recycling Centres;
- Waste composition audits of materials dropped off at the Community Recycling Centres;
- Review of markets, alternative options for residential drop-off for materials and materials accepted at Community Recycling Centres;
- An environmental scan of municipalities that own and/or operate similar residential waste drop off depots;
- Review of the hours of operations and the participation at the Community Recycling Centres;
- Front line Community Recycling Centre staff consultations; and
- Business case and feasibility analysis for all proposed changes.

Waste composition audits and analysis of the community recycling centre data determined that approximately 50 percent of the garbage dropped off by residents at the Community Recycling Centres could have been recovered through existing curbside and Community Recycling Centre programs had it been properly separated. The analysis also showed that approximately 30 percent of the visitors to the Community Recycling Centres are bringing in waste because they are over their limit at curbside.

Based on their experiences at the Community Recycling Centres and interactions with the public, staff identified the following reasons that some users do not sort materials correctly for recovery at the Community Recycling Centres:

- Users do not understand services offered at the Community Recycling Centres;

4.4-3

COMMUNITY RECYCLING CENTRE OPIMIZATION STUDY AND PUBLIC CONSULTATION PLAN UPDATE

- Users do not understand sorting requirements at the Community Recycling Centres;
- Staff do not have the necessary enforcement policies to enforce the rules at the Community Recycling Centres, and;
- There is a lack of staff resources to monitor every waste stream and user that visits the Community Recycling Centres to ensure that everyone is sorting correctly.

Results of the market analysis determined that some materials accepted at the Community Recycling Centres have alternative disposal options for residents (e.g. tires).

Review of the usage rates and the hours of operations for the Community Recycling Centres showed that there are potential operational and service improvements that may be achieved if the hours of operations are adjusted (e.g. changes to the extended hours).

To address these issues and to increase the resources recovered through the Community Recycling Centres, staff is considering the following changes:

a) Increase Education and Awareness

Provide users with information on Community Recycling Centre requirements, operations and best practices before they come to site. This will increase the ease of use of the facilities for users, operational efficiencies and proper sorting of material.

b) Require Clear Bags for Garbage Drop-off

Require users dropping off bagged garbage to use clear / transparent bags only. This will allow staff to identify materials that can be recovered instead of going to landfill.

c) Introduce Enforcement

Move from an education-based response to an education and enforcement-based response to prevent contamination of material. This will increase operational efficiencies and proper sorting of material.

d) Changes to Tip Fee Structure

Implement fee changes to certain materials to encourage proper sorting and better use of curbside programs (e.g. not charging for materials that can be recovered and marketed; charging for materials accepted at curbside). This will increase operational efficiencies and proper sorting of materials.

Community Recycling Centre tip fees were reviewed as part of the 2020 budget review process and recommended Community Recycling Centre tip fee increases have been included in the Report from the Acting Commissioner of Public Works titled "Proposed Waste Management Fee Increases" listed on the October 3, 2019 Waste Management Strategic Advisory Committee agenda.

**COMMUNITY RECYCLING CENTRE OPIMIZATION STUDY AND PUBLIC CONSULTATION
PLAN UPDATE**

e) Materials Management

Implement changes to the materials accepted at the Community Recycling Centres (e.g. no longer accepting tires at the Community Recycling Centres) to respond to changing markets and Provincial legislation and regulations (e.g. Extended Producer Responsibility Regulations).

f) Hours of Operations

Implement potential changes to the hours of operations to ensure a continued balance of operating costs with the needs of the Community Recycling Centre users (e.g. change Community Recycling Centre extended hours).

3. Public Consultation Approach

Staff recognize that changes to the services provided at the Community Recycling Centres will have an impact on the residents who use these facilities.

Staff intend to engage with residents and small businesses to present the proposed changes, understand reactions to the changes, and determine how to maximize success of the changes throughout implementation. Using feedback from the consultations, staff will modify the proposed changes if needed, finalize the Community Recycling Centre Optimization Study, and develop implementation and communication plans for the changes.

Environics was retained by staff to conduct public consultations, and have developed the following plan:

a) Target Audience

The Region of Peel will target a variety of Community Recycling Centre users, including residents and small businesses, from those who visit at least every few months to those who visit once or twice per year. Consultation will also be available to users who have not visited for more than a year, as well as non-users who wish to review the changes and comment on them.

b) Approach

Consultations will be conducted throughout an online survey and focus groups. These activities are planned for Fall/Winter 2019. The Region will also consider using in-person or telephone town hall consultations with the broader Peel resident population if there are not enough respondents to the online survey and focus groups.

RISK CONSIDERATIONS

There are risks with engaging the public for feedback on potential Community Recycling Centre service changes through public consultations.

4.4-5

COMMUNITY RECYCLING CENTRE OPTIMIZATION STUDY AND PUBLIC CONSULTATION PLAN UPDATE

- Insufficient respondents to the surveys and focus groups.
- Respondents, and therefore the feedback, not representative of Community Recycling Centres users or the Region of Peel in general.
- Respondents may react negatively to the proposed service changes.

The consultation plan developed by Environics takes these risks into account.

FINANCIAL IMPLICATIONS

Planning, implementation and reporting of the outlined public consultation plan will cost approximately \$50,000 and is covered under the capital account 18-6370.

CONCLUSION

Potential Community Recycling Centre service and policy changes have been identified as part of the Community Recycling Centre Optimization Study that will impact the services, operations and users of Peel's Community Recycling Centres.

Staff recommend engaging with Community Recycling Centre users to present them with the proposed changes, gauge their reactions and determine how best to implement these changes to maximize their success. Staff will use the feedback to modify the proposed changes if needed and to develop implementation and communication plans for the changes.

An approach to public consultation has been developed to ensure that Community Recycling Centre users and interested Peel residents are engaged in the most effective manner possible, while meeting the Region's overall waste management objectives under its Roadmap to a Circular Economy.



Andrew Farr, Acting Commissioner of Public Works

Approved for Submission:



N. Polsinelli, Interim Chief Administrative Officer

For further information regarding this report, please contact Norman Lee, Director, Waste Management, extension 4703, norman.lee@peelregion.ca.

Reviewed in workflow by:
Financial Support Unit

For Information

DATE: September 23, 2019

REPORT TITLE: **LAKEVIEW VILLAGE - UPDATE ON VACUUM WASTE COLLECTION SYSTEM INVESTIGATION, CITY OF MISSISSAUGA, WARD 1**

FROM: Andrew Farr, Acting Commissioner of Public Works

OBJECTIVE

To provide an update on the investigation of the vacuum waste collection system proposed for the Lakeview Village development in Mississauga.

REPORT HIGHLIGHTS

- The Inspiration Lakeview Master Plan for the Lakeview Village development requires that innovations in urban design, including district energy and vacuum waste collection, be considered for the development.
- To address the requirement to consider vacuum waste collection, the developer for the Lakeview Village, Lakeview Community Partners, has offered to design, construct, and operate a vacuum waste collection system for an initial break-in period if the Region of Peel is willing to provide financial support and, after the initial break-in period, assume responsibility for the maintenance and operation of the system.
- Staff is investigating several key questions to inform a response to the developer's request regarding financial support and system ownership. Staff has engaged a consultant to gather information on vacuum waste collection systems and to support the investigation.
- Staff will report the results of the investigation, including recommendations with respect to Lakeview Community Partners' request that the Region provide financial support for capital construction and accept responsibility for the maintenance and operation of the vacuum waste collection system at Lakeview Village to a future Waste Management Strategic Advisory Committee meeting.
- Other aspects of the Lakeview Village development, including a proposed district energy system, will be addressed in reports to Regional Council.

DISCUSSION

1. Background

In December 2011, the City of Mississauga initiated the Inspiration Lakeview Master Plan for the redevelopment of the Ontario Power Generation lands located in Lakeview, south of Lakeshore Road between Cawthra Road and Dixie Road.

4.5-2

LAKEVIEW VILLAGE - UPDATE ON VACUUM WASTE COLLECTION SYSTEM INVESTIGATION, CITY OF MISSISSAUGA, WARD 1

The Inspiration Lakeview Master Plan, developed by the Province, Ontario Power Generation, and the City of Mississauga, requires that innovations in urban design, such as district energy and vacuum waste collection for waste management, be considered.

The Official Plan policies subsequently enacted by the City of Mississauga implement the vision of the Inspiration Lakeview Master Plan.

In March 2018, Ontario Power Generation announced the sale of the Lakeview lands to Lakeview Community Partners.

In May 2019, Regional staff visited Sweden to tour an existing vacuum waste collection system proposed as a model for Lakeview Village. Based on their experience, Sweden municipal officials advised that the municipality responsible for waste management should own and operate the system. In comparing projects with both private and public ownership, their findings indicate a higher level of service, better asset management and an overall better customer experience when owned by the public sector. Public sector ownership does not however preclude third party operations arrangements. The findings from this tour were presented to the Waste Management Strategic Advisory Committee in June 2019.

Vacuum waste collection system uses air to move waste from indoor and outdoor waste disposal inlets through an underground pipe network to a central terminal. The vacuum system replaces the need to collect certain wastes by traditional collection trucks. Collection of some materials, such as large items and bulky household waste, is not compatible with the system and must be collected by other means.

2. Vacuum Waste Collection System in Lakeview Village

In accordance with the requirements of the Inspiration Lakeview Master Plan, the developer of Lakeview Village is mandated to consider innovations in urban design, including vacuum waste collection. The developer, Lakeview Community Partners, has shared preliminary technical and cost information on the vacuum waste collection system to serve the entire Lakeview Development. In a June 2019 letter to the Acting Commissioner of Public Works, Lakeview Community Partners offer to design, construct, and operate the system for an initial break-in period if the Region is willing to provide financial support and assume responsibility for the maintenance and operation of the system after the break-in period. After the initial period of operation, the developer proposes the ownership of the vacuum waste collection infrastructure and equipment be transferred to the Region.

There are many vacuum waste collection systems in operation around the world, however very few are in North America. The only system operating in Canada is located in Quebec City and is smaller than the system proposed for the Lakeview Village development.

Since vacuum waste collection is new to Ontario and the Region, and since the proposed vacuum waste collection system is large, consideration of the developer's proposal raises several questions potentially of strategic significance for the delivery of waste collection services by the Region.

4.5-3

LAKEVIEW VILLAGE - UPDATE ON VACUUM WASTE COLLECTION SYSTEM INVESTIGATION, CITY OF MISSISSAUGA, WARD 1

Regional staff has initiated an investigation of key questions associated with vacuum waste collection in order to inform the Region's response to the developer's proposal.

The staff investigation will also consider whether efficiencies can be achieved by co-locating components of the vacuum waste collection system and the district heating system. For example the central terminal for vacuum waste collection could potentially be co-located with a district energy facility in order to maximize the benefits of shared services.

3. Investigation of Proposed Vacuum Waste Collection System

Regional staff is investigating several significant and strategic aspects to support the vacuum waste collection system proposed for Lakeview Village. Some of the most significant considerations are highlighted below.

a. Benefits of the proposed vacuum waste collection system

Proponents of vacuum waste collection claim that vacuum waste collection provides community benefits related to reduced truck traffic, decreased exhaust emissions and noise levels, improved waste diversion rates and neighbourhood cleanliness. For the developer, the proponents believe the vacuum waste collection system may provide additional marketable area by reducing the space required for waste management. The staff investigation aims to understand the significance of potential benefits to all stakeholders.

b. Cost to construct, operate, and maintain the system

Based on the preliminary information provided, the cost for the supply of vacuum waste collection equipment for Lakeview Village is in the range of \$30 million. Installation of the equipment and construction of the facility to house the vacuum waste collection equipment would significantly increase total capital costs. In addition to capital costs, there would be ongoing operational costs related to energy consumption, staffing requirements, maintenance, and equipment replacement. The staff investigation will provide a comparison of anticipated financial implications of vacuum waste collection versus traditional waste collection.

c. Compatibility with existing Regional and provincial policies and programs for waste management

Whether a vacuum waste collection system can provide services that are consistent and compatible with existing policies and programs needs to be investigated. For example, residential waste collection services include collection of large items and bulky household waste however these items cannot be collected by a vacuum waste collection system and would need to be provided by other means.

In addition to serving the residents of Lakeview Village, the system would also serve Industrial, Commercial and Institutional establishments, some of which may generate types of waste not permitted in Regional waste collection services and would also need to be collected by other means. The system would need to be compatible with current and anticipated policy changes such as the transitioning of the Blue Box program to producer responsibility. In addition, since the vacuum waste collection system has not been previously installed in the Region, the recommendation would establish a precedent,

LAKEVIEW VILLAGE - UPDATE ON VACUUM WASTE COLLECTION SYSTEM INVESTIGATION, CITY OF MISSISSAUGA, WARD 1

potentially inviting similar requests from other developments. Further investigation is required to reveal policy gaps and to determine if the system is aligned with current and future Regional and provincial policies.

d. Technical, operational, and maintenance requirements of the system

The Region has no previous experience with this system. The system requires specialized technical knowledge and services to support the ongoing operation of vacuum waste collection. Due to the novelty of the proposed system in North America, there are currently no local design standards or guidelines available to aid in the development of the design. Development of technical guidelines and further review of environmental and code compliance implications is required. Investigation by the Region will try to understand the significance of these gaps.

To support its investigation, staff has engaged a consultant to gather information on vacuum waste collection systems and to aid in the investigation of associated strategic aspects.

4. Next Steps

Regional staff, with input from the Lakeview Community Partners, will continue the investigation of the proposed vacuum waste collection system at Lakeview Village, including the assessment of benefits, risks, and financial implications.

Regional staff will also work with the Lakeview Community Partners on developing key terms necessary to support Region's decision on whether or not to contribute to the capital cost of the system and whether or not to accept responsibility for the operation and maintenance of the vacuum waste collection system at Lakeview Village. This step will include investigating cost sharing with the developer and possible infrastructure funding from other sources and levels of government.

The investigation will also inform the ongoing review and updates to the current Waste Collection Design Standards Manual to incorporate waste collection design requirements for new developments in the Region of Peel.

Staff will report the results of the investigation with recommendations to an upcoming Waste Management Strategic Advisory Committee Meeting. Other aspects of the Lakeview Village Development, including the proposed district energy system, will be addressed in separate reports to Regional Council

CONCLUSION

Regional staff will continue working closely with the Lakeview Community Partners and the consultant on reviewing technical and financial requirements, including assessing the implications for the Region as the potential owner and operator of the vacuum waste collection system.

**LAKEVIEW VILLAGE - UPDATE ON VACUUM WASTE COLLECTION SYSTEM
INVESTIGATION, CITY OF MISSISSAUGA, WARD 1**

At an upcoming Waste Management Strategic Advisory Committee meeting, staff will report the results of the investigation, including recommendations with respect to Lakeview Community Partners' request that the Region provide financial support for capital construction and accept responsibility for the maintenance and operation of the vacuum waste collection system at Lakeview Village.



Andrew Farr, Acting Commissioner of Public Works

Approved for Submission:



N. Polsinelli, Interim Chief Administrative Officer

For further information regarding this report, please contact Norman Lee, Director, Waste Management, extension 4703, norman.lee@peelregion.ca.

Reviewed in workflow by:

Financial Support Unit

**ADDITIONAL MATERIALS
DISTRIBUTED AT MEETING**

Recycling: is it worth it?

Waste Management Strategic Advisory Committee
October 3, 2019

Norman Lee, Director, Waste Management





FF&TIRFD



It's time for real action on recycling | The Star
Waste collectors are warning that far more of our mixed recyclables are



ed 3 companies to recycle Canadian plastic and secretly
veral instances of Canadian plastic waste turning up overseas
like the Philippines and Malaysia, CBC's Marketplace wanted

Excerpts from articles

A. Only 9% of plastics are recycled

B. A third of what we put in the Blue Box ends up in landfills

C. Paper, plastic and glass often go on international excursions

D. 75% of recyclables produced in apartments go straight to landfill without touching the Blue Box

E. Who's the culprit...not the citizen

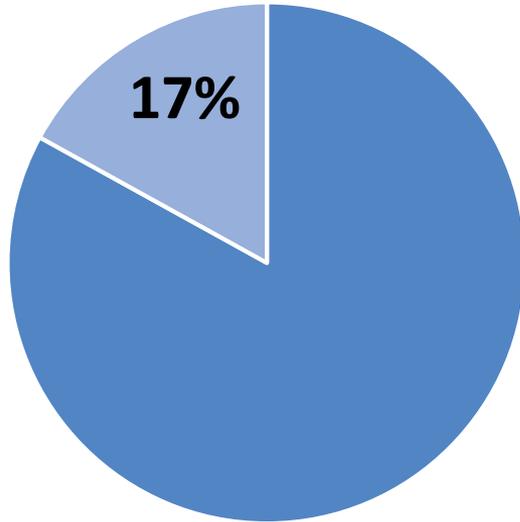
F. "Environmentally, recycling is not a good idea"- Queen's Professor, Myra Hird

Only 9% of plastics are recycled

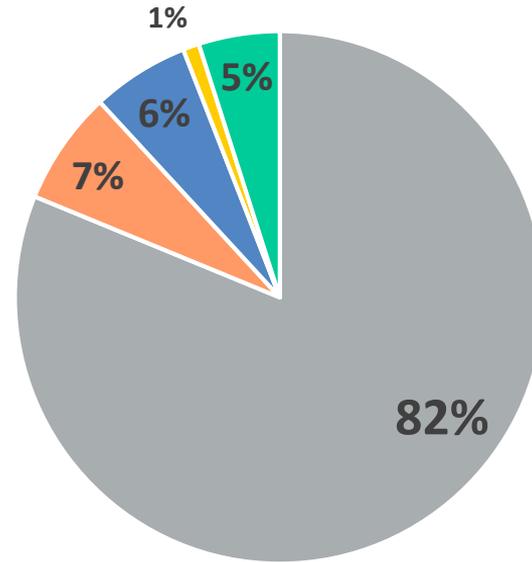
Recovery Rates	2018
HDPE-N (e.g. Plastic milk carton)	95%
HDPE-C (e.g. Laundry detergent)	92%
PET (e.g. Water bottles)	96%
Polycoat (e.g. Drink boxes)	90%
Film (e.g. Grocery bags)	85%
Mixed Rigid Plastic (e.g. Margarine tubs, bakery clam shells)	87%
Fibre	98%
Aluminum	93%
Steel	95%
Glass	91%

A third of what we put in the Blue Box ends up in landfills

2018 Average Residue Rate

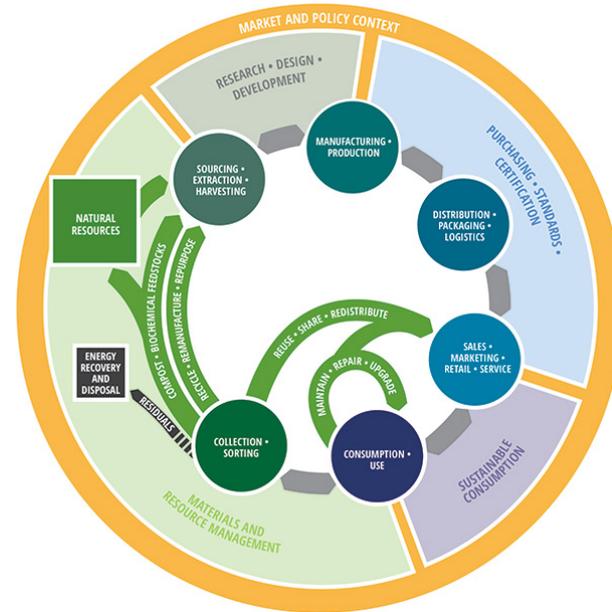


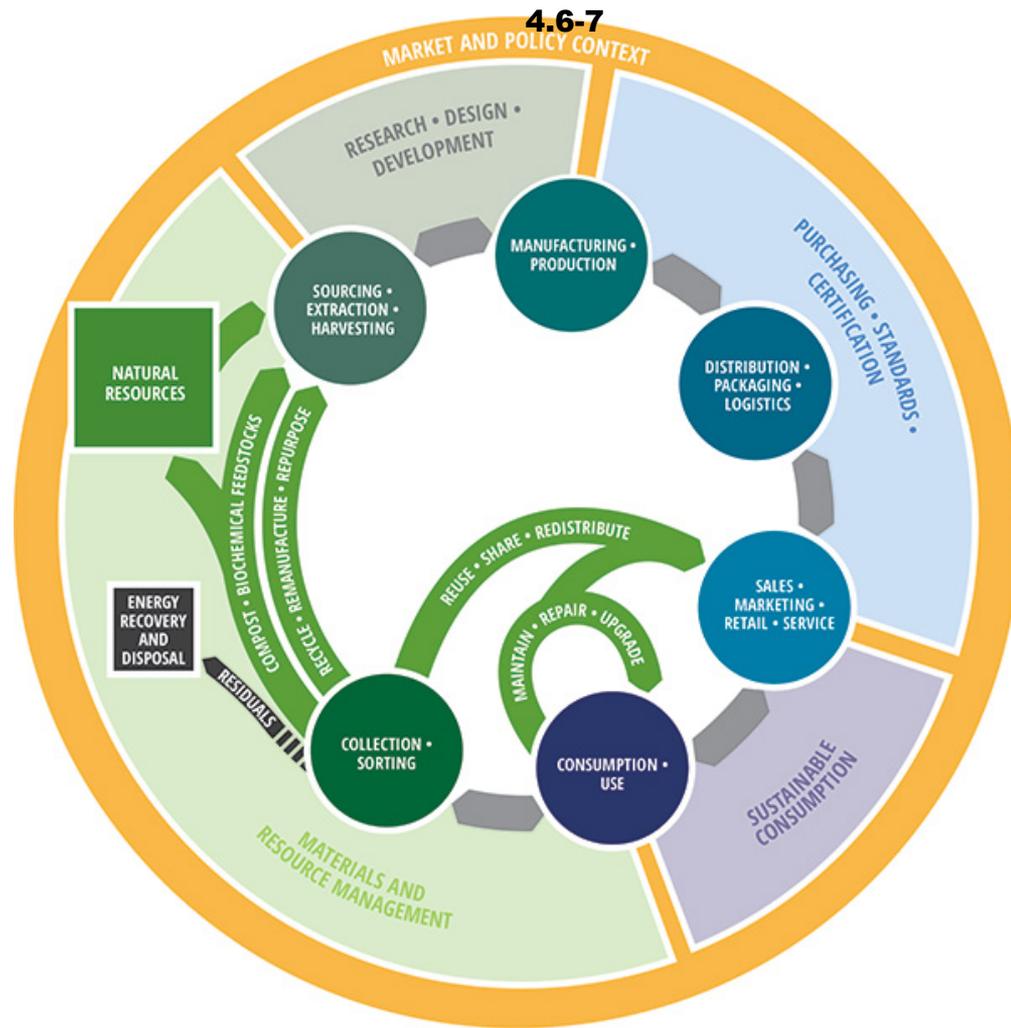
Make up of the 17%



Paper, plastic and glass often go on international excursions

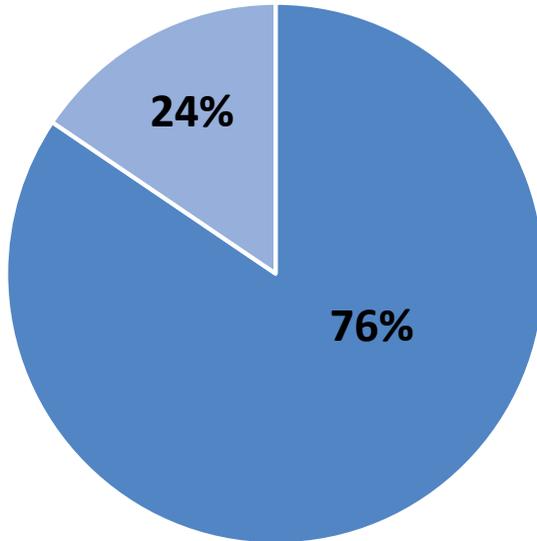
- Peel's recovered containers and plastics go to processing facilities in North America including Entropex, EFS and Revital which are located in Ontario.



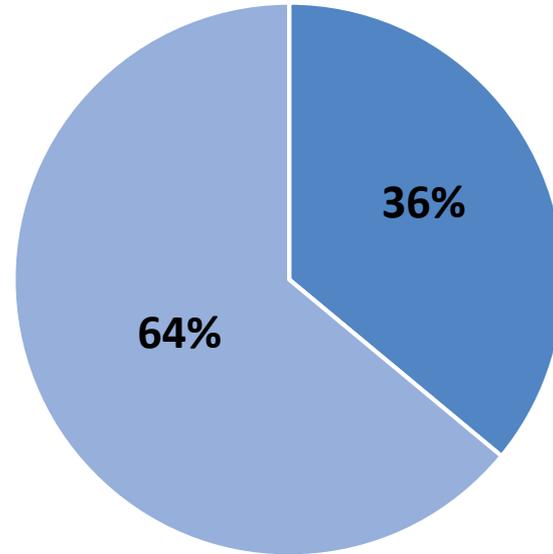


75% of recyclables produced in apartments go straight to landfill without touching the Blue Box

Curbside Capture Rate 76%

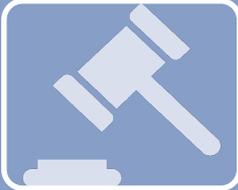


Multi-Residential Capture Rate 36%



Who's the culprit...not the citizen

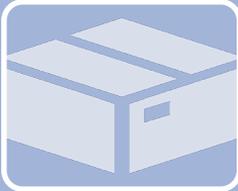
It is easy to point fingers but... we all have a role to play.



Government

Set policy

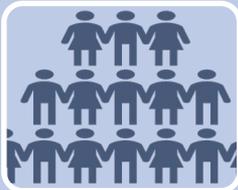
Provide oversight



Producers

Eliminate problematic packaging

Eliminate confusing promotional material

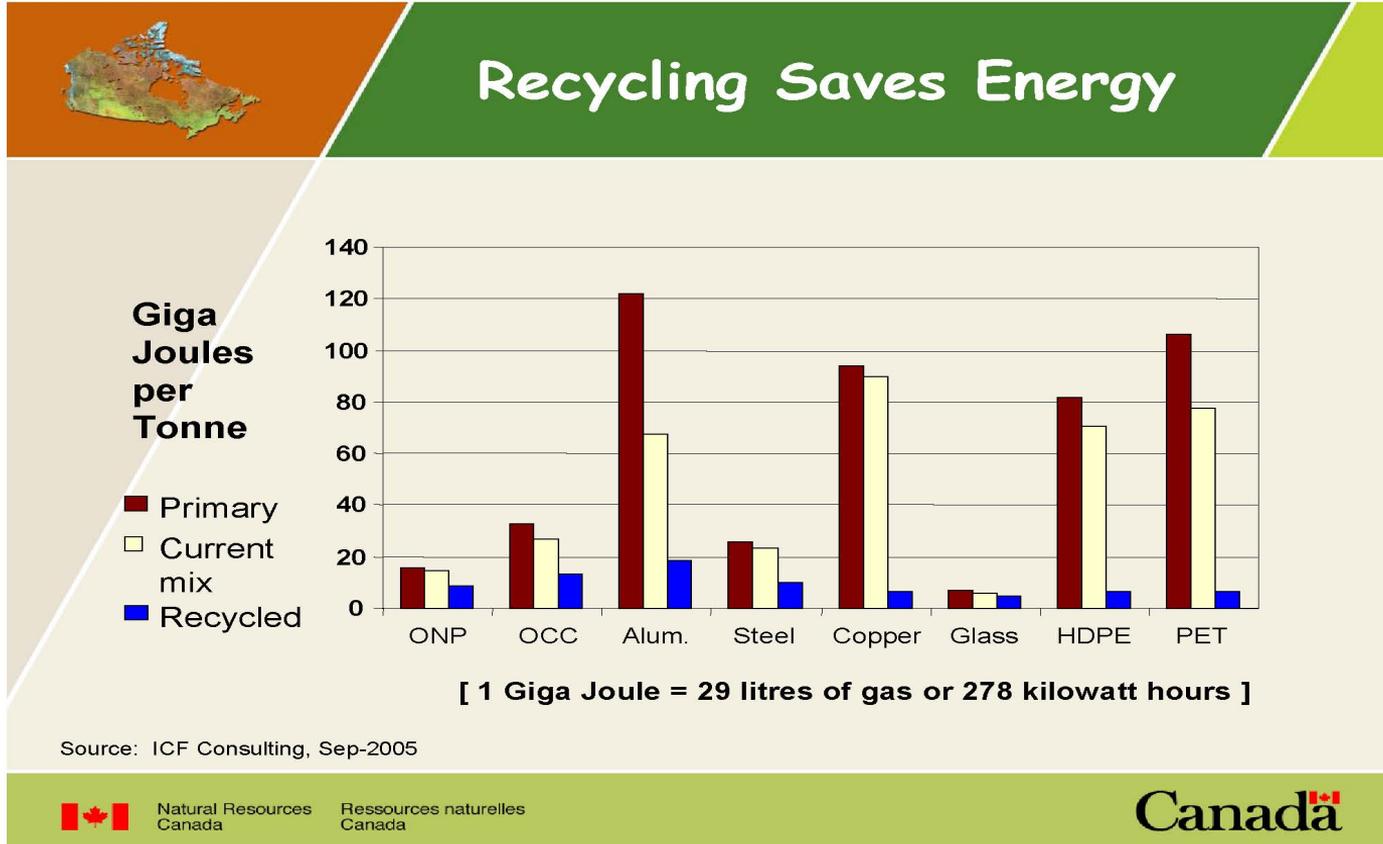


Residents

Inform themselves

Make reasonable effort to properly separate

“Environmentally, recycling is not a good idea”



“Environmentally, recycling is not a good idea”

Peel’s Blue Box program saved:

- 15 million trees
- 18 million gigajoules of energy = 500 million litres of gasoline
- 3 million tonnes of CO₂ emissions
- 21 billion litres of water

Key take-aways

Packaging is complex.

Peel's Blue Box Program is run responsibly and has pretty good results.

Work is needed to improve harmonization and reduce confusion.

Work is needed to improve multi-residential recycling.

Work is needed to improve end-markets and to create demand for recycled content.

Work is needed to reduce single-use plastics.

And, of course, Recycling is worth it.

Proposed Direction

The nature of the problems require solutions at the Provincial and Federal level.

Staff, therefore, recommend continued engagement in and support of:

- National Zero Plastic Waste Strategy
- Provincial Blue Box Transition
- Provincial 3Rs Regulations
- Provincial Food and Organic Waste Policy
- Provincial Plastics Strategy



Thank you

Contact info:

Norman Lee

Director, Waste Management

905-791-7800 ext. 4703

norman.lee@peelregion.ca

