



The Corporation of the City of Cornwall
Regular Meeting of Council
Report

Department: Infrastructure and Municipal Works
Division: Environment
Report Number: 2019-236-Infrastructure and Municipal Works
Prepared By: Danielle Watson, Waste Management Supervisor
Meeting Date: December 9, 2019
Subject: Update on Blue Box Transition to Full Producer Responsibility

Purpose

The purpose of this report is to explain recent developments of the Provincial blue box program and to highlight the changes proposed by the Ministry of Environment, Conservation, and Parks (MECP), as well as material producers that may affect the City of Cornwall's current blue box program. Administration prepared this report in order to prepare Council for consultation sessions anticipated from the MECP, as well as the Association of Municipalities of Ontario (AMO) in 2020.

Recommendation

That Council receive this report for information.

Financial Implications

Currently the blue box program in Ontario is funded through a formula created by the Resource Productivity and Recovery Authority (RPRA), which determines how much producers of specific products are required to pay each municipality for the blue box program. The City of Cornwall currently receives 50% of costs associated with the collection and processing of blue box material in the form of a grant each year from the RPRA.

The financial implications of the transition of the blue box program to producer responsibility are not yet known. Three levels of producer responsibility are expected to be established in new diversion based regulations, which will dictate who is responsible for certain aspects of a products life. The first is *Extended Producer Responsibility (EPR)*, the second is *Full Producer Responsibility (FPR)*, and the third is *Individual Producer Responsibility (IPR)*. These levels are further defined in the glossary. The regulation(s) will determine the level of service producers will be required to provide and what, if any, costs may remain with municipalities. Administration will continue to monitor the developing regulations to determine any financial implications to the City of Cornwall.

Strategic Priority Implications

This report aligns with the Cornwall Strategic Plan 2019-2022 mission statement to being leaders in sustainability and climate change impact.

Background / Discussion

Ontario is in the midst of a fundamental transition of its waste diversion programs. The existing framework, which provides industry funding to reimburse a portion of municipalities' diversion related costs, will move to a FPR model where industry will be wholly responsible for the cost and operations of designated diversion programs.

This change in framework will affect the hazardous waste, electronic waste, scrap tires, and Blue Box recycling programs. These programs are currently in varying stages of transition and Administration is ensuring service levels continue to be maintained. To date, the tire-recycling program, offered at the City's Landfill site, has transitioned to FPR.

Recently, the MECP has announced transition plans for the Blue Box program in a news release dated August 15, 2019. While in-line with the transition of other diversion programs, the Blue Box program is a larger and more complex program that involves EPR, FPR, and IPR transitioning. The complexity is due to the variety of different stakeholders, levels of service, acceptable materials, and processing methodologies, existing across Ontario. Over the coming year, the MECP will develop and consult on regulation(s) to support the transition of the Blue Box program to appropriate producer responsibility.



Administration has attended a series of pre-consultation information sessions in 2019. Most recently, the City of Cornwall has been asked to be one of twenty-eight other Ontario municipalities in the Municipal Stakeholder Working Group.

The role of the Municipal Stakeholder Working Group is to represent municipal interests in the MECP's four key aspects for the new blue box regulation. The four aspects and their various components require consultation from municipalities, producers of the materials, and industries that are essential to the MECP's proposed circular economy. The MECP's goal is to post a policy paper for public comment in May 2020.

The four key elements and their potential impact on the City of Cornwall are as follows:

1. Definition and scope of the designated materials:

The City of Cornwall currently operates a single stream recycling program, meaning it co-collects paper and containers in one bin. Under the new regulation(s), producers are expected to have the autonomy to re-design and make changes to the blue box program to ensure they can meet their regulatory obligations. The MECP has clearly stated that the transition must not negatively impact recycling services, but the specifics of this goal will be determined by the regulation(s), as they are developed in the coming months.

The development of the producer responsibility model is based on the idea that the companies that design, create and market products and packaging are in the best position to reduce waste or increase recovered resources from their products. This would alleviate the complications that Municipalities have faced over the last two decades. Over time, the mix of printed-paper and packaging that goes into the blue box has evolved and the economics of recycling are more challenging than ever before. As a result, Ontario's recycling rates have stalled while costs continue to escalate. It is anticipated that due to these challenges recycling methods will change, as producers work to create a common system across the province.

2. Collection and accessibility requirements:

Under the existing Blue Box Program Plan, municipalities with a population over 5,000 are required to provide blue box services, with the new regulation(s) this is not anticipated to change. In Cornwall, recycling is collected once a week for residential, multi-residential, and industrial, commercial, and institutional (IC&I) properties. The City also has a recycling depot located at its landfill site.



The MECP has been clear that transitioning the blue box to producer responsibility must not negatively impact the recycling services the people of Ontario use every day. It is expected that the regulation(s) being developed will maintain curbside blue box collection as an essential part of the system, but also allow producers the flexibility to collect some packaging through other methods. Other means of collection, such as regional depots or return-to-retailer, could be possible for some materials in the future and could impact existing service levels. Administration will continue to monitor this particular aspect of the regulation(s) carefully and provide comment where appropriate.

As part of this transition process, Administration has been made aware that it is anticipated that most IC&I sources of recycling will not be part of the producer operated blue box system. If, after the regulation is developed, a blue box program is not offered for IC&I, Administration will make Council aware, and Council may decide if it would like to continue to offer a blue box program for these customers at the City's cost. Administration will continue to advocate the importance of a seamless transition to the new program, which includes collection of recyclable materials from all current curbside sources.

3. Management requirements:

Producers are the brand owners, first importers or franchisors of printed paper and packaging. In the current blue box program, producers are represented by a single umbrella organization called Stewardship Ontario, which is a Producer Responsibility Organization (PRO). After the Blue Box program transitions, producers will no longer be required to organize under a single organization and each producer will be responsible for meeting their own obligations under producer responsibility.

Under this framework producers may choose to organize under one or multiple PRO's depending on their products. For example, under the tire program there are five PROs that compete to represent tire producers in the province. Regardless of how the producers organize, they will continue to be responsible for delivering blue box services across Ontario in a way that meets the requirements of the new regulation(s). Under the regulation(s), it is expected that they will have the right to determine all aspects of the blue box program, such as who provides collection service, the containers that are used for collection, the frequency in which they are collected, the materials that are accepted, and where the materials are sent for processing.

With producers being able to manage a new program, Administration, as part of the working group, will consult with the MECP regarding capture rate for specific



materials, materials that should be included in the blue box, residual waste management, and methods of recycling processing. Administration shall also advocate that the MECP require producers to recognize and encourage waste reduction throughout their product creation process, an example of this would be increasing recycled content required in their new products.

4. Transition Approach:

The City of Cornwall currently has a blue box collection and processing contract with Environmental 360 Solutions until March 31st 2026. The timeline announced recently by the Province indicates that the regulation(s) will be developed between now and May 2020. Once the regulation is approved, producers and municipalities will have two years to prepare before responsibility of the program will transfer from municipalities to producers between January 1, 2023 and December 31, 2025.

Within this time period, the transfer of responsibility is expected to happen in phases, with approximately one-third of total blue box tonnage being transitioned each transition year (i.e., 2023 to 2025 inclusive). Municipalities are expected have the opportunity to identify their preferred transition year, although there are many other factors that will be considered. Municipalities could be selected based on clusters of geographic proximity, cost-effectiveness, operational logistics, or readiness for transition (e.g., expiry of contracts or ability to end contracts early).

Although the City's existing contract goes until March 31st 2026, Administration has incorporated early termination, extension, and contract assignment clauses in the existing contract to accommodate the potential transition timeline. The City of Cornwall's Material Recovery Facility is also in a strategic position, as it currently operates a single stream facility that processes 5,200 tonnes of recycling per year for itself and five other eastern Ontario municipalities, making it operationally advantageous for Producers to determine readiness for transition should Council choose to do so.

Based on current information, it is expected that producers will not be obligated to contract the City of Cornwall for collection or processing services. However, it is expected that the City may be approached by producers to continue to provide services under contract. Under this contract, instead of receiving 50% funding, the City would be paid a set fee to provide required services. Should Council choose to enter into a contract with producers, it is suggested that in 2020 Administration approach Council to begin examining a strategy to determine costs associated with the collection and processing of blue box materials and the



life cycle replacement costs associated with the material recycling facility. This strategy, once developed, would assist Council in determining if they would be interested in providing services to producers once the program transitions.

Next Steps

In the coming months, the regulation(s) that will determine many details of transition to a producer responsibility framework will be developed and consulted on. It will be important that the concerns of the City of Cornwall as well as other local municipalities are heard during this time. Currently, Administration recommends not communicating any anticipated changes to the blue box program to the public until new regulation(s) and timelines for transition are completed. However, all members of the public are permitted and encouraged to participate in the public consultation relating to the development of a new blue box regulation.

Along with Administration's comments, Council is encouraged to engage in this process and provide comments on aspects of the regulation(s), such as diversion targets, accessibility to the program, and service levels, to a seamless transition to the City's residents and to protect the City's landfill capacity. Administration will continue to provide updates to Council regarding the transition of the blue box program as they become available.

Appendix A: The Ontario Blue Box Program

Timeline

- 1981** The world's first curbside recycling program debuted in Kitchener, Ontario.
- 1992** Cornwall implemented its curbside recycling collection and processing program.
- 1994** Ontario Regulation 101/94 under the Environmental Protection Act set out requirements for municipalities with a population of at least 5,000 to establish and operate curbside Blue Box programs.
- 2002** The Waste Diversion Act (WDA) formalized financial support by requiring producers of printed paper and packaging managed by the Blue Box program to fund up to 50% of municipal net operating costs. **Waste Diversion Ontario (WDO)** was established as a non-crown corporation to develop, implement and operate waste diversion programs, including Blue Box. **Stewardship Ontario (SO)**, was created as an industry organization to represent producers and to develop the Blue Box Program Plan.
- 2003-17** Changes in packaging of consumer goods, including the use of less glass, lighter plastics and more difficult to recycle plastics, as well as a decrease in newspapers distributed, has impacted the Blue Box program. According to a report from the Special Advisor on Recycling and Plastic Waste, adjusting for inflation, the average cost of recycling a tonne of Blue Box materials increased by 50 percent from 2003 to 2017.
- 2016** The Waste-Free Ontario Act is passed and repeals the former WDA and enacted the Resource Recovery and Circular Economy Act (RRCEA) and the Waste Diversion Transition Act (WDTA). The RRCEA introduces a framework where producers are given full responsibility for the management of post-consumer waste from their packaging. Under this act, the WDO is replaced by a new organization, **Resource Productivity and Recovery Authority** (the Authority).
- The legislation also affects existing diversion programs for tires, electronics and hazardous waste, all of which are at varying degrees of transition and allows for the creation of new programs.

- 2017** The Minister of the Environment and Climate Change directed the Authority and SO to jointly develop a proposal for an amended Blue Box Program Plan (a-BBPP). A draft was developed and two phases of consultations were completed. A final proposal was never submitted to the ministry.
- 2019** In June, the Province appointed a Special Advisor on Recycling and Plastic Waste, David Lindsay, to provide advice on how to improve recycling through the Blue Box Program and better manage plastic pollution. Mr. Lindsay facilitated meetings between representatives of the municipal and producer sector to provide input. In July, the report was released, titled "Renewing the Blue Box: Final Report on the blue box mediation process".
- In August, the Ministry announced that it provided SO direction to begin planning to transition Ontario's Blue Box Program to full producer responsibility.
- In November, the City of Cornwall was asked by the Ministry of Environment Climate Change and Parks to be a part of the Municipal Working group, responsible for helping develop the new regulations for the Amended Blue Box Program Plan. The first set of working group discussions is set to occur December 17th 2019 in Toronto.
- 2020** The Province shall submit a policy paper for public comment based off of Working Group Discussion May 2020. A Draft Regulation is anticipated to be released by Fall 2020. Stewardship Ontario is to submit a plan to the Authority by June 30, 2020. It is expected that the Authority will approve the plan by December 31, 2020.
- 2021** Final Blue Box regulation(s) released in early 2021. Stewardship Ontario will implements their approved plan, and blue box program funding will continue for to municipalities until they transition to a full Producer Responsibility Framework.
- 2023-25** The first communities will be transitioned beginning January 1, 2023, with the entire province operating under the new framework by December 31, 2025.

Ministry of Environment, Conservation and Parks (MECP) is the ministry responsible for administering all the relevant legislation, including the Waste Diversion Transition Act, and the Resource Recovery and Circular Economy Act.

Producer Responsibility means producers are responsible for managing and paying for the life cycle of their products and packaging. Producer responsibility is based on the idea that the companies that design, create and market products and packaging are in the best position to reduce waste or increase resources that can be recovered from their products.

Extended Producer Responsibility (EPR) refers to expanding the portion of program costs that producers are required to fund.

Full Producer Responsibility (FPR) refers to producers being responsible for both funding and operating.

Individual Producer Responsibility (IPR) refers to producers having a choice in how they meet requirements. They can collect and recycling products and packaging themselves, or contract with producer responsibility organizations (PROs), to help them meet their requirements.

Resource Productivity and Recovery Authority (RPRA or the Authority) is a regulatory body that is playing a critical role in supporting the transition towards a circular economy and a waste-free Ontario. RPRA receives authority from the Waste Diversion Transition Act, 2016 (WDTA) to oversee the current waste diversion programs and their eventual wind up. RPRA also receives authority from the Resource Recovery and Circular Economy Act, 2016 (RRCEA) to enforce individual producer responsibility requirements for managing waste associated with products and packaging.

Stewardship Ontario (SO) is a Producer Responsibility Organization (PRO), funded and governed by the industries that are the brand owners, first importers or franchisors of the products and packaging materials managed under the Blue Box and Orange Drop program. SO collects fees from industry stewards, which help to pay for the costs of collecting, transporting, recycling and safely disposing of waste across the province. Stewardship Ontario operates under the authority in the Waste-Free Ontario Act, 2016 and is accountable to RPRA.

The Continuous Improvement Fund (CIF) is a partnership between the Association of Municipalities of Ontario (AMO), the City of Toronto, Stewardship Ontario (SO), and the Resource Productivity and Recovery Authority (RPRA). The CIF's mandate is to improve the effectiveness and



efficiency of Ontario's municipal Blue Box program, through the provision of funding, technical support and training to aid municipalities and program stakeholders in the identification and development of best practices and technological and market-based solutions.

Waste Diversion Ontario (WDO) was a non-crown corporation, established by the Waste Diversion Act in 2002, with a mandate to develop, implement and operate recyclable waste diversion programs by establishing industry funding organizations and overseeing the development and operation of waste diversion programs. It has now been replaced by the RPRA.

Document Title:	Update on Blue Box Transition - 2019-236-Infrastructure and Municipal Works.docx
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This report and all of its attachments were approved and signed as outlined below:

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