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## **MEMORANDUM**

**PWC-C 6-2020**

**Subject: Update on Provincial Initiatives for Extended Producer Responsibility**

**Date: Tuesday, February 11, 2020**

**To: Public Works Committee**

**From: Jennifer Mazurek, Program Manager, Policy, Planning & Engagement**

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This memorandum provides an update on Provincial Initiatives to support the Waste Free Ontario Act, 2016 (WFO) which is comprised of the Resource Recovery and Circular Economy Act, 2016 (RRCEA) and the Waste Diversion Transition Act (WDTA). Under the RRCEA, the Province is shifting to an Extended Producer Responsibility (EPR) framework for designated material, such as products and packaging (Blue Box material), making producers and brand holders accountable for recovering resources and reducing waste associated with their products. The WDTA allows for the designated materials managed under existing waste diversion programs to be transitioned to the new EPR framework.

Of particular importance, the timing and upcoming decision points that will need to be considered by Council regarding the transition of the residential Blue Box program to EPR are described in this memorandum.

### **Background**

The WFO drives Ontario toward a circular economy, with the aim to eliminate waste throughout the lifecycles of designated materials, and maintain the value of products and materials for as long as possible. This keeps resources within the economy and minimizes waste. EPR is a key part of a circular economy, as design considerations become more important when producers are required to consider end of life management of products and packaging.

Via the WDTA, Resource Productivity and Recovery Authority (RPRA) oversees three waste diversion programs: Blue Box, Municipal Hazardous or Special Waste (MHSW) and Waste Electrical and Electronic Equipment, hereafter referred to as Electrical and Electronic Equipment (EEE). RPRA was established in 2016, with authority under the RRCEA to enforce EPR. Tires have already shifted to an EPR system under the RRCEA, with RPRA as the authority that enforces compliance and manages program-related data. In the case of the residential Blue Box program, the Waste Diversion Act, 2002, established the current 50/50 cost-sharing model for producers and municipalities, under which municipalities are reimbursed for approximately 50% of net costs. Under this cost-sharing model, Stewardship Ontario (SO) manages the funds that producers provide to Ontario municipalities for the operation of the Blue Box program,

and is accountable to RPRA. SO is a not-for profit organization funded and governed by industry stewards, who are the brand owners, first importers or franchisors of the products and packaging materials.

SO also produced a wind-up plan to transition to full EPR for MHSW and will be issuing one for Blue Box, while Ontario Tire Stewardship (OTS), an Industry-Funded Organization (IFO) under SO, was responsible for the wind-up plan for tires. Ontario Electronic Stewardship (OES), another IFO under SO, was responsible for the wind-up plan for EEE and batteries. The wind-up plans are developed for the existing diversion programs, via the WDTA, to ensure there is no disruption to services for residents in the lead up to transition (e.g. continued operation of collection sites, continued compensation for municipalities, etc.), while at the same time ensuring activities associated with the existing programs are wound up properly (e.g. disbursement of excess funds, wrap up of service provider contracts, etc.). Development of the plans and the associated approval by RPRA ensures stakeholder consultation is incorporated, while defining SO's assets, liabilities, rights and obligations in relation to the existing programs.

A key action item in the Province's Made-in-Ontario Plan, released on November 29, 2018, specifically refers to and reinforced the Province's position on EPR: "Make producers responsible for the waste generated from their products and packaging" (<https://prod-environmental-registry.s3.amazonaws.com/2018-11/EnvironmentPlan.pdf>). Committee was informed of this plan in WMPSC-C 9-2019. The plan included a focus on reducing litter and waste and keeping our land and soil clean. A discussion paper titled "Reducing Litter and Waste in Our Communities" was released on March 6, 2019, offering the following commitments:

- Reducing and diverting food and organic waste from households and businesses;
- Reducing plastic waste;
- Reducing litter in our neighbourhoods and parks;
- Increasing opportunities for the people of Ontario to participate in waste reduction efforts.

### **Blue Box**

A transition for the Blue Box program was first proposed in Ontario's Strategy for a Waste-Free Ontario in February 2017, with commencement of the EPR slated for 2023, and for which SO submitted their amended Blue Box Program Plan. This plan was not submitted to or approved by RPRA but did lay groundwork for future discussions. The Province has now defined timelines for the transition of the residential Blue Box program, which are outlined below.

### Key Recommendations of Special Advisor's Report on Recycling and Plastic Waste

On June 6, 2019, David Lindsay was appointed Special Advisor on Recycling and Plastic Waste, and designated with the responsibility of producing a report outlining how the Province should transition the residential Blue Box program to EPR. The report was released on August 6, 2019 and provides recommendations about timelines for transition, materials, targets, and collection requirements. The report is discussed in more detail in WMPSC 32-2019 but key recommendations are as follows:

- A six-year transition period from 2019 through 2025 that includes a one to one-and-a-half-year period for consultation and regulation development and a two-year period for producer preparation, followed by a phased three-year period from 2023 to 2025 for transfer of responsibility from municipalities to producers;
- Flexibility for producers through both continuation of Blue Box collection and allowing for collection of some packaging through other methods;
- Establishment of specific targets that progressively increase over time, for different types of printed paper and packaging material;
- As producers assume responsibility, collection must be provided to every low-density residential property and similar location that had previously received municipal Blue Box service. There will be no expansion of services during the transition period and afterward, collection should expand in multi-residential properties, parks and public spaces, but would not include Industrial, Commercial and Institutional (ICI) properties. Rather, the province should modernize the regulatory framework for ICI properties to improve diversion rates and better align with materials recycled through the Blue Box Program.

### Provincial Timelines and Actions Related to the Transition of the Blue Box Program

On August 15, 2019, the Ministry of Environment and Climate Protection (MECP) issued a direction letter, instructing SO to develop a plan to outline how the current program will operate during the three-year transition period. This plan is due to RPRA no later than June 30, 2020 and RPRA must approve the plan, if it is consistent with the Minister's transition direction, no later than December 31, 2020.

On November 27, 2019, MECP hosted a webinar, titled "Developing Producer Responsibility Regulation for Blue Box" (Appendix A), to provide stakeholders with information about the Province's next steps. A key next step in the process is the development of the new Blue Box regulations under the RRCEA. Niagara Region is a member of the Municipal Working Group that will be providing input into the regulations. Separate Stakeholder Working Groups also exist for both Producers and a Circular Economy (includes manufacturers of unbranded packaging and products, waste management services providers that haul and process Blue Box materials, and industries that receive processed Blue Box materials and use it for feedstock in new products). The regulations will define outcomes in key areas including:

1. A hierarchy of producers that are responsible for meeting outcomes;
2. Materials to be collected;
3. Collection and management requirements; and
4. Registration and reporting (overseen by RPRA).

Specific timelines were confirmed by the MECP, consistent with those recommended in the Special Advisor's report:

Timelines specific to new regulations:

- 2019 - 2020 – Draft Regulations
- 2021 – Approval of Regulations
- 2021 - 2022 – Stakeholders organize and prepare for EPR
- 2023 - 2025 – Producers take full responsibility from communities

Timelines specific to WDTA Blue Box program services:

- 2020 – SO develops plan for transition and submits to RPRA
- 2020 – RPRA approves plan by Dec 31
- 2021 – 2025 – SO implements plan and each community continues to be funded until transition to EPR complete, with all communities complete by the end of 2025

In the spring of 2020, MECP will post a policy paper that describes the proposed details of the new Blue Box system. In the fall of 2020, the draft EPR regulations and potential regulatory amendments will be released. When developing the regulation, MECP will consider:

1. Definition and scope of the designated materials;
2. Collection and accessibility requirements;
3. Management requirements that producers must meet; and
4. Transition approach – criteria to select which communities will transition from the current Blue Box program to the EPR framework under the RRCEA in each of 2023-2025.

The province will also consider defining the responsible producer, registering, reporting and record-keeping requirements, and audit requirements.

#### Blue Box Program Decision Points

Niagara Region's input into the transition process continues to be important. As noted above, Niagara Region will participate in the Stakeholder Working Group sessions. In 2020, Niagara Region will need to make several important decisions. While no regulations are currently finalized, staff anticipate that Niagara Region will need to communicate the following to the Province:

1. Timing - When the shift to EPR should occur for Niagara residents
  - Methodology has not yet been defined, but staff anticipate that the order of transition will either be dictated to municipalities (based on contract expiry dates, location, economies of scale, etc. as designed by an expert authority), or,



that municipalities will be able to self-nominate (identify preferred year of transition). Self-nomination is preferred by Niagara Region staff to allow for consideration of local priorities and to evaluate system cost implications.

- When identifying a preferred year for transition, considerations will include expiration dates for current contracts, asset condition and value, prescribed method of handling over-subscribed years, and the balance of the integrated waste management system (i.e. how services that Niagara Region continues to provide will integrate with the new Blue Box system).
  - From 2023 to 2025, municipalities that have not yet transitioned will continue to be responsible for 50% of net costs related to collection and haulage, another key factor that will impact Niagara Region's direction.
2. Role - What role, if any, Niagara Region will occupy moving forward with respect to collection and processing
- While no regulations have been released yet, it is expected that municipalities will have the opportunity to bid on the collection, haulage and processing of residential Blue Box materials. A municipality's decision to bid on one or more aspects of the process will be based on a number of factors, including existing infrastructure and contracts. Municipalities may have the opportunity to bid on the work in partnership with the private sector or as part of a coalition with other municipalities.
  - Municipalities will be competing with the private sector to provide processing services, leading to the risk of a potentially devalued Material Recovery Facility (MRF) in the event that Niagara Region bids but does not secure a processing contract. Additional information about the status of the MRF review is provided below.
  - Municipalities acting on behalf of Producer Responsibility Organizations (PROs) will need to meet prescribed performance standards, yet to be released, which may influence the decision to bid on services.

### 3. Service levels for Niagara Region

- The Industrial, Commercial and Institutional (ICI) sector is not expected to be included in the regulations. As noted above, the Special Advisor's report recommends that Blue Box services not be expanded to the ICI sector, but instead that the regulations specific to these properties be strengthened. Niagara Region currently provides curbside service to smaller ICI properties and Council will need to decide if service should continue to be provided for this sector, at full cost to Niagara Region.
- Uncertainties remain regarding inclusion of some types of properties that Niagara Region currently services (e.g. parks, schools, and long-term care facilities.) The Special Advisor's report recommended gradual expansion to collection in Multi-Residential buildings, as well as parks and public spaces where municipalities provide waste collection. These examples encompass property types that Niagara Region and other municipalities currently service. Council may need to decide if service should continue for these sectors not included under the new regulations, at full cost to Niagara Region.
- There is the potential for customer service impact, in that there may be less tolerance for incorrect set-outs and contamination. If Niagara Region no longer provides residential Blue Box collection, there may be additional customer impacts (e.g. residential confusion stemming from change in phone numbers/contacts for one material stream).
- Other considerations include provision of Promotion and Educational material (P&E) and collection program enforcement.

In order to make informed recommendations for the Blue Box transition, Niagara Region staff require details about the regulations from the Province, expected to be forthcoming in the first half of 2020. Staff will bring this information forward to allow Council to decide upon preferred transition date, service levels Niagara Region will offer, and what, if any, services Niagara Region will continue to provide or offer on behalf of the PROs.

### MRF Phase 4 Opportunity Review

This review will develop a recommendation for the preferred MRF ownership structure, considering the transition of the residential Blue Box program to EPR. An assessment will be based on actual market considerations using the Negotiated Request for Proposal (NRFP) process, among other possible alternatives, to determine the best future opportunity for the MRF and minimize the risk of a potentially devalued facility.

There are a number of potential transactional options and/or ownership structures which may be considered and will be compared to status quo.

These transaction options will be submitted to Waste Management Planning Steering Committee for input and may include the following:

- outright sale of the property;
- lease transaction;
- a joint venture arrangement for the MRF; or
- other arrangements including but not limited to royalty structures and processing contracts.

A Fairness Advisor has been engaged to be involved throughout the review and the project consultant awarded the RFP for this work is MNP LLP. It is anticipated that a recommendation report will be submitted to Council in late May or early June 2020.

#### AMO Request for Council Resolution by June 30, 2020

On December 18, 2019, the Association of Municipalities Ontario (AMO) sent a letter (Appendix B) to all Municipal Council and municipal waste administrators with responsibilities related to the provision of Blue Box services, including Niagara Region, requesting a Council resolution, passed by June 30, 2020 and directed to AMO and MECP that specifies:

1. Council's preferred date to transition based on exiting service provision (between January 1, 2023 and December 31, 2025);
2. Rationale for transition date;
3. Whether Council is interested in potentially continuing to provide services (e.g. contract management, collection, haulage processing services etc.) or not; and,
4. Key contacts if there are any follow-up questions.

Importantly, AMO notes in the letter that the stated preference may not be the final determination of Niagara Region's transition date, nor is Niagara Region obligated in any way by the date specified in the resolution.

#### **Tires**

Used tires were the first material to transition to an EPR regime. On January 1, 2019, producers assumed responsibility. Each producer registered with a PRO to accept the used tires returned in Ontario, and RPRA assumed responsibility for compliance and management of financial and program reporting requirements related to the new system. Although Niagara Region was not being compensated for the collection of used tires, the Region continued to collect tires at the residential drop-off depots as a service for residents. Niagara Region entered into an agreement with YESS, a PRO, to haul all collected tires. For a number of months, YESS experienced issues with picking up and taking away tires for processing, which resulted in a backlog at Niagara Region's drop-off depots. The cause of the delays was due to YESS not being able to secure tire-processing capacity in the Niagara area. A new agreement with e-Tracks was made and

they have been hauling since June with no issues. Niagara Region collected 139 tonnes of tires from residents in 2018 and 220 tonnes in 2019.

## **MHSW**

Niagara Region currently accepts MHSW at permanent depots year round (Niagara Road 12 Landfill, Humberstone Landfill, Thorold Yard Household Hazardous Waste Drop-off Depot and Bridge Street Residential Drop-Off Depot). The new regulation for the designated waste (other than single-use batteries) under MHSW comes into effect July 1, 2021. Following a presentation by RPRA in October of 2019 (Appendix C), Niagara Region submitted comments regarding the proposed wind-up plan for SO (Appendix D). Until the wind-up date, the program will continue to operate without disruption. On December 20, 2019, the Minister of MECP issued a direction letter to SO and RPRA, clarifying that all residual funds remaining upon completion of the program should be returned to stewards. SO will make revisions to its wind-up plan to address this direction, and it is expected that RPRA will approve the revisions no later than February 29, 2020. On January 8, 2020, SO sent notification that RPRA has approved the MHSW wind-up plan, subject to conditions related to deadline date submissions for stewards to submit adjustments to prior reports (to align with RPRA's data submission requirements), completion of the aforementioned changes related to residual funds and any others that arise related to operational and implementation issues, as well as provision of any information required to assist RPRA. The rules defining reporting and payment obligations by stewards for the period of January 1, 2020 until wind-up of the MHSW program were also approved, and SO will now implement the wind-up plan. At this time, there is no further change or decision point required by Council regarding this material stream.

## **EEE and Batteries**

Niagara Region currently accepts EEE, for recycling at permanent residential drop-off depots year round (Recycling Centre, Niagara Road 12 Landfill, Humberstone Landfill and Bridge Street Residential Drop-Off Depot). OES operates the recycling program for EEE in Ontario under contract, and at no cost to Niagara Region, OES also provides collection service to eligible Multi-Residential properties. Additional details about this program are available in WMPSC-C 20-2016. With respect to single-use batteries, since the pilot in 2012, Niagara Region has also offered an annual one-week curbside battery collection period. In 2019, 7,142 kg of batteries were collected curbside between April 22 to April 26 (WMPSC-C 22-2019).

The Province has directed that EEE must transition to EPR by January 1, 2021. The new regulation for batteries, currently handled as part of the MHSW stream, comes into effect July 1, 2020. As EEE and batteries are often used together, the shift for batteries allows for a coordinated policy approach. Niagara Region provided comments on the

proposed regulations on June 21, 2019 (Appendix E). On September 3, 2019, RPRA approved the OES wind-up plan (with conditions).

Until the wind-up date, the current EEE program will continue to operate without disruption. As of the date of this memo, there is no further information regarding the final regulations and staff are awaiting a detailed update from the Province.

## **RPRA**

On October 28, 2019, the Province proposed the following changes in the mandate of RPRA:

1. Change RPRA's mandate to include digital reporting services, fee setting, and cost recovery for other programs beyond producer responsibility;
2. Allow the ministry to set guidance on fee structures for the programs that RPRA will be providing digital reporting services;
3. Other changes –
  - a. Recover ministry costs more efficiently through a Minister's order;
  - b. Amend the WDTA to allow the transfer of residual surplus funds left at the end of transition, from an IFO to RPRA;
  - c. Permit future regulations that could assign additional duties and powers to RPRA.

Niagara Region submitted comments on November 25, 2019 (Appendix F) and is generally supportive of the move to digital reporting as a means of increasing efficiency and accessibility, and reducing paper waste. With respect to specific program changes, Niagara Region recommends consideration of recycling programs for materials such as shingles, mattresses, carpets, porcelain and concrete. Finally, the continued oversight of new and existing programs by the Province is recommended. On December 29, 2019, the decision to change RPRA's mandate to include digital reporting services through its registry for a wider range of waste and resource recovery programs was posted. To change the mandate, the RRCEA, the Environmental Protection Act (EPA) and WDTA were amended.

On December 6, 2019, the Minister of MECP also informed stakeholders of minor changes proposed to the RRCEA that affect RPRA. The following changes were proposed as part of legislative amendments to modernize the governance, accountability and transparency of the Administrative Authorities overseen by the Ministry of Government and Consumer Services (MGCS), via the Rebuilding of Consumer Confidence Act (the Bill):

1. The Minister can appoint a Chair from among the members of the RPRA Board.
2. The Minister can request disclosure of compensation information from among the RPRA board of directors, officers and employees.

3. The requirement to table RPRA's annual report in the Legislative Assembly has been removed, but RPRA must continue to post the report on their website by the annual deadline of June 1.

These changes will come into effect upon Royal Assent of the proposed Bill.

### **Green Bin**

Although not a material regulated under existing SO programs, Ontario's Food and Organic Waste Framework has an associated Action Plan and Policy Statement to support the circular economy. Food and organic waste from residential and ICI sectors is an important material stream to manage and the Province's direction will impact Niagara Region. The Policy statement came into effect on April 30, 2018, and report WMPSC-C 28-2018 offers a thorough overview of strategic commitments to be taken by the Province to address food and organic waste, and how these actions could impact Niagara Region's programming. For example, the Province has included a ban on food and organic waste from ending up in disposal sites, to be phased in beginning in 2022. Staff are currently awaiting further information on how this ban will be implemented and enforced, but preliminary investigations regarding capacity and cost have been completed.

As of the date of this memo, there has been no further information released regarding action items or next steps for municipalities, and staff are awaiting an update from the Province.

### **Next Steps**

Staff will advise Council accordingly if funding models change for any of our current collection programs with the transition to EPR. Staff will also continue to be active participants in future consultations by the Province on related guides and regulations, and to report back to Committee with updates on all programs.

Respectfully submitted and signed by

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Jennifer Mazurek,  
Acting Waste Management Program Manager

### **Appendices**

Appendix A MECP Webinar Presentation: Developing Producer Responsibility Regulations for Blue Box

Appendix B Letter from AMO to Municipal Councils

- Appendix C RPRA Consultation: Municipal Hazardous or Special Waste (MHSW) Program Wind-Up Plan
- Appendix D Niagara Region Comments on RPRA Consultation on the MHSW Wind-Up Plan
- Appendix E Niagara Region Comments on Regulation for Recycling of Electrical and Electronic Equipment (EEE) and Batteries (EBR Registry Number: 019-0048)
- Appendix F Niagara Region Comments on ERO 019-0671 Changing the Mandate of the Resource Productivity and Recovery Authority

Ministry of the Environment, Conservation and Parks

# Developing Producer Responsibility Regulations for Blue Box

Webinar Presentation

November 2019



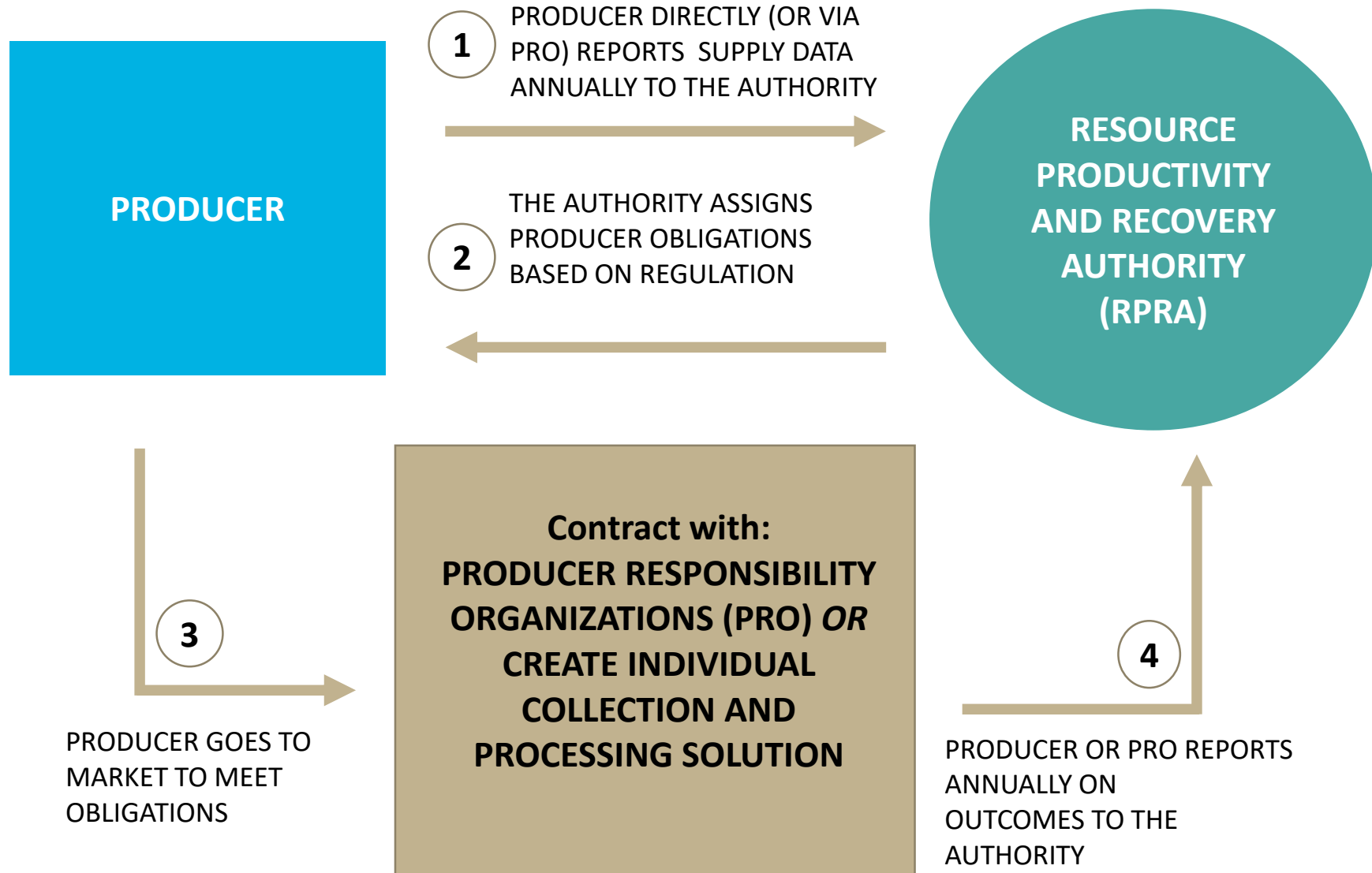
# Improving the Blue Box – How Did We Get Here?

- Ontario recognizes the need to improve diversion, reduce plastic waste, and tackle litter.
- The draft Made-in-Ontario Environment Plan commits to transition Ontario's recycling programs to a new Producer Responsibility approach. Key elements include:
  - Outcomes-based regulations to reduce burden
  - Flexibility and innovation to meet requirements in the market
  - Improved oversight to verify diversion outcomes
  - Seamless transition for consumers and citizens
- On June 6, 2019, Mr. David Lindsay was engaged as a Special Advisor to engage with key parties and provide the government with recommendations on how to move forward with producer responsibility for Ontario's Blue Box services.
  - Mr. Lindsay met stakeholders from June-July, and delivered his final report on July 20, 2019.
  - The report outlined recommendations regarding materials, targets, collection requirements – but most critically, timing.

# Current Status of the Blue Box

- On August 15, 2019, the Minister directed Stewardship Ontario to develop a plan under section 14 of the *Waste Diversion Transition Act, 2016* (WDTA), that aligns with Mr. Lindsay's recommended timing.
  - SO must consult stakeholders and submit a plan to the Resource Productivity and Recovery Authority by June 30, 2020.
  - The Authority is expected to approve this plan by December 31, 2020, if it is consistent with the Minister's transition direction.
- The next step is to develop new Blue Box regulations under the *Resource Recovery and Circular Economy Act, 2016* (RRCEA).
  - In developing the regulations, the ministry will invite stakeholders to participate in Working Groups. These groups will provide the ministry with a diverse and balanced range of perspectives, including from industry, municipalities and service providers.
  - The contributions of these Working Groups will inform further public consultations on the proposed policy and regulations.

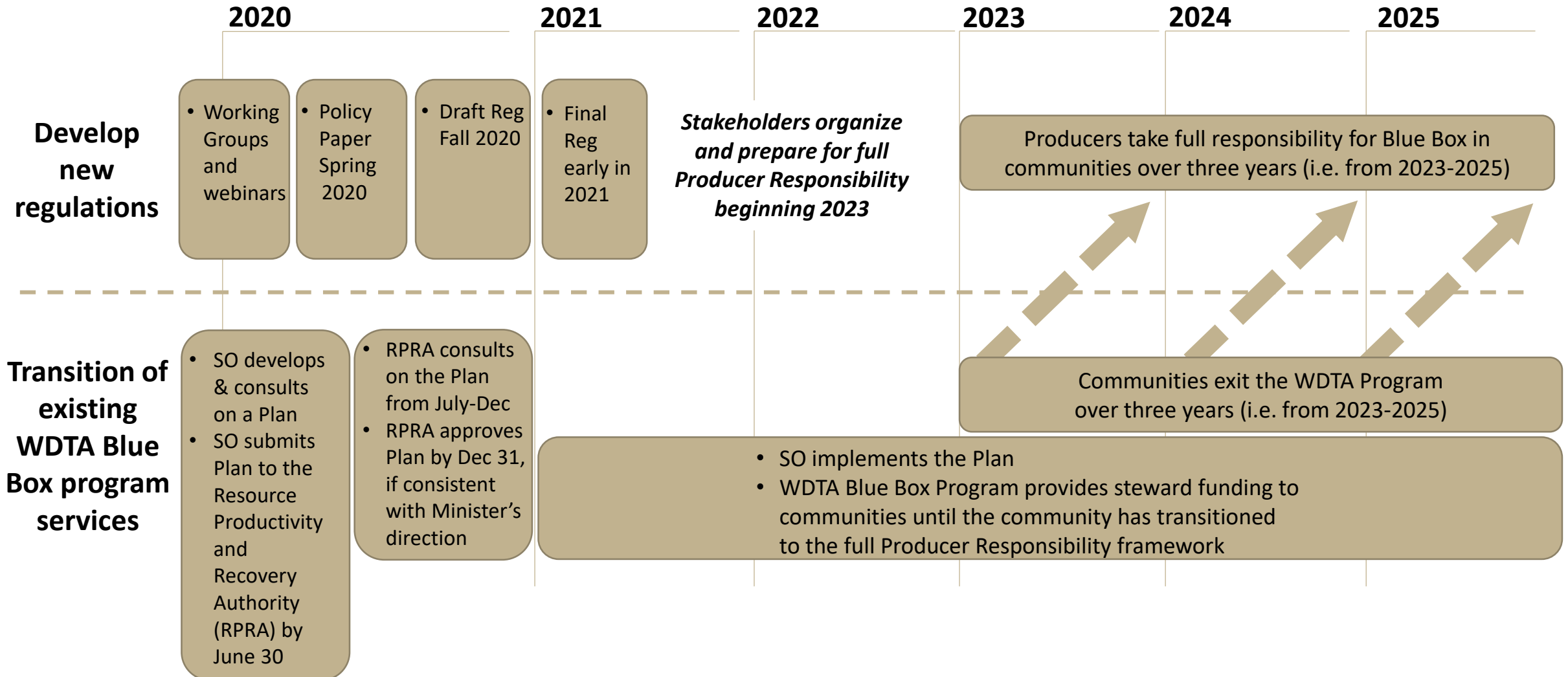
# Overview of Ontario's New Approach



# Key Elements of an EPR Regulation

- Regulations under the *Resource Recovery and Circular Economy Act* (RRCEA) replace government-approved stewardship plans
- Regulates outcomes in key areas, including:
  1. A hierarchy of producers that are responsible for meeting outcomes
  2. Materials to be collected
  3. Collection and management requirements
  4. Registration and reporting
- Authority provides oversight, compliance and enforcement
- Regulated parties register with the Authority and have some reporting and record-keeping requirements

# Roadmap to Producer Responsibility for Blue Box



# Stakeholder Working Groups

- The ministry is proposing to establish three Working Groups to accommodate stakeholders' input into the regulations:
  - A **Producer** group including representation from large brand holders and producer associations, and retail, restaurant, grocery sectors.
  - A **Municipal** group including representation from urban, rural, and all geographic regions across Ontario as well as associations for municipalities and managers of multi-residential buildings.
  - A **Circular Economy** group including manufacturers of unbranded packaging and products, waste management service providers which haul and process Blue Box materials, and industries that receive processed Blue Box materials and use it for feedstock in new products.
- Working groups are a forum for participating stakeholders to provide information and technical advice to inform the ministry's initial policy development.
- Membership on the working groups is intended to provide the ministry with input from a broad cross-section of engaged stakeholders while keeping the group sizes manageable.
- The ministry will work also with **First Nations and Indigenous communities** to receive their input and feedback during this process.

# Engagement Beyond the Working Groups

- As there is a high level of interest related to Blue Box transition, it is not possible to engage all interested stakeholders via Working Groups, but it is important that all stakeholders have opportunities to provide input to the Ministry.
- Three series of **webinars** will be held at each milestone of regulatory development to allow all stakeholders to provide feedback:
  - **November 27/28, 2019** – at the launch of the regulatory development process
  - **Spring 2020** – with the release of a policy paper that describes the proposed regulatory system
  - **Fall 2020** – with the posting of draft regulations on the Environmental and Regulatory Registries
- Between these webinars, stakeholders who are interested in the Working Groups' discussions should contact their representative associations to receive updates and provide input on the discussion topics.
- The Ministry will post two documents on the Environmental and Regulatory registries for your review and comment:
  - **Spring 2020** – policy paper that will describe the proposed details of the new Blue Box system
  - **Fall 2020** – draft producer responsibility regulations and potential regulatory amendments.

# Key Considerations

Development of the regulation for Blue Box materials will be a complex task. To provide the needed information, the ministry will consider four initial key areas as it develops its Blue Box policy:

## 1. Definition and scope of the designated materials, e.g.:

- What products and/or packaging materials must be managed? (e.g., convenience, transport and primary/secondary packaging; single-use plastic and paper products)?
- How should material categories be set?; Should categories help discern between highly-recyclable and poor performing materials, and should there be a few broad categories or long lists of materials?
- What factors should be considered making changes to designated materials or material categories? What information exists, and how can it be transparently shared, to substantiate any decisions on changes?
- Are there materials which could have obligations outside the Blue Box common collection system? (e.g., compostable packaging, or packaging managed through deposit return, take-back or green bin programs such as coffee pods)

## 2. Collection and accessibility requirements, e.g.:

- What sources must be collected from?
- What should be the minimum standard level of service in communities?
- What standards should be required for collection bins?



# Key Considerations (2)

3. **Management requirements** that producers must meet, e.g.:
  - What would be appropriate targets for highly-recyclable materials and poor-performing materials?
  - What should count towards diversion? (e.g., reuse; recycled and used in making new products; used as aggregate)
  - How to reduce residual materials sent to landfill? (e.g. energy recovery when all other options are exhausted)
  - What recycling standards or other requirements should be required by regulation to ensure recycling facilities can process materials at a satisfactory level?
  - How can the regulation recognize, encourage, or require waste reduction? (e.g., recycled content; recyclability; refillable containers; etc.)
4. **Transition approach** – what criteria should be used to select which communities will transition from the current Blue Box program to the new producer responsibility framework under the RRCEA in each of 2023-2025?
  - In addition to these key areas, the ministry will also consider:
    - Defining the responsible producer
    - Registering, reporting and record-keeping requirements
    - Audit requirements

# Next Steps

- The next webinar will be planned for Spring 2020 to coincide with the release of the Blue Box Policy Paper for public comment.
- Further questions can be directed to the Resource Recovery Policy Branch at [RRPB.mail@ontario.ca](mailto:RRPB.mail@ontario.ca)

# Appendices

# Invited Working Group Members – Producer, Municipal groups

## Producers (15 total)

- Amazon Canada
- Canadian Beverage Association
- Canadian Federation of Independent Business
- Canadian Federation of Independent Grocers
- Canadian Tire
- Coca-Cola
- Food and Consumer Products of Canada
- Loblaw
- Magazines Canada
- News Media Canada
- Procter & Gamble
- Restaurants Canada
- Retail Council of Canada
- Unilever Canada
- Wal-Mart

## Municipalities (28 total)

- Association of Municipalities of Ontario
- Association of Condominium Managers of Ontario
- City of Cornwall
- City of Hamilton
- City of London
- City of North Bay
- City of Ottawa
- City of Sarnia
- City of Sault Ste. Marie
- City of St. Thomas
- City of Thunder Bay
- City of Toronto
- City of Woodstock
- District Municipality of Muskoka
- Durham Region
- Essex-Windsor Solid Waste Authority
- Federation of Northern Ontario Municipalities
- Halton Region
- Lambton County
- Municipality of Chatham-Kent
- Niagara Region
- Northwestern Ontario Municipal Association
- Oxford County
- Peel Region
- Regional Public Works Commissioners of Ontario
- Rural Ontario Municipal Association
- Simcoe County
- York Region

# Invited Working Group Members – Circular Economy group

## Circular Economy (13 total)

### *Waste Management Industry*

- Atlantic Packaging
- Emterra
- Green For Life/Canada Fibers
- Miller Waste
- Ontario Waste Management Association
- Owens-Illinois
- ReVital Polymers
- Waste Connections of Canada

### *Packaging Material Sector*

- Canadian Manufacturers and Exporters
- Canadian Plastics Industry Association
- Carton Council of Canada
- Compostables Canada
- Paper and Paperboard Packaging Environmental Council

December 18, 2019

## Attachment 1: Background on Transition to Full Producer Responsibility

Municipal governments have been advocating for over a decade for producers to have full fiscal and operational responsibility for end of life management of their packaging, printed paper and paper products. Producers are best positioned to reduce waste, increase the resources that are recovered and reincorporated into the economy and enable a consistent province-wide system that makes recycling easier and more accessible.

In August 2019, Minister Yurek announced that municipal Blue Box programs will be transitioned to full producer responsibility over a three-year period based on the recommendations from the Special Advisor's report titled, "Renewing the Blue Box: Final report on the blue box mediation process." Municipal governments played a key role in helping to develop the recommendations within this report. These recommendations broadly reflected the positions advocated by AMO and there was also a great deal of alignment with producers on how the Blue Box should be transitioned.

The municipal transition is proposed to occur between 2023 and the end of 2025, as shown in the table below:

Date	Description
Sept. 2019 → Dec. 2020	Blue Box wind-up plan developed for Stewardship Ontario
	Development of a Regulation under the <i>Resource Recovery and Circular Economy Act</i> , 2016
Jan. 2021 → Dec. 2022	Producers prepare to assume control and operation of system and work with municipal governments and service providers
Jan. 1, 2023 → Dec. 31, 2025	Transition of individual municipal Blue Box programs to full producer responsibility. Occurs in phases over three years with a rolling total of up to one-third of the Provincial program transitioning annually

The Minister wants to ensure that the transitioned Blue Box system is affordable for producers, workable for the waste processing sector, and effective and accessible for residents. AMO and municipal representatives are involved in the consultation process to develop a new regulation for the Blue Box. The Province's intent is to finalize a Regulation by the end of 2020.

AMO staff held in-person workshops on the Blue Box transition across the Province through October and November 2019 to discuss this topic with municipal waste management staff. Over 165 staff and elected officials attended the sessions in Vaughan, London, Smiths Falls, North Bay and Dryden. The workshops provided an opportunity to engage directly with our sector to build understanding about this transition process and the level of engagement from attendees was excellent.

We also began the discussion about what municipal governments should take into consideration about how to prepare for this change and what factors might be considered as to when a Council might want to transition.

### **HOW YOUR RESOLUTION WILL HELP INFORM THE DISCUSSION:**

The resolutions will be used to map out an ideal transition timeline, and determine whether there are years that are over or under subscribed, as it has been dictated that a rolling total of up to one-third of Blue Box programs can transition each year. This information will also allow AMO and the Province to better understand whether there are conflicts. If there are too many conflicts, the Province may still need to retain a third-party expert to develop a methodology as to how municipal Blue Box programs will transition.

However, rather than deferring to the Province to retain an expert immediately, we think this information would provide a good basis for a more informed decision to be made.

## Attachment 2: Sample Resolution

Your Council's stated preference may not be the final determination of your transition date, nor are you obligated in any way by the date that is specified. The resolution will be used to map out an ideal transition timeline, and determine whether there are years that are over or under subscribed, as it has been dictated that a rolling total of up to one-third of Blue Box programs can transition each year. This information will also allow AMO and the Province to better understand whether there are conflicts. If there are too many conflicts, the Province may still need to retain a third-party expert to develop a methodology as to how municipal Blue Box programs will transition.

### Resolution on Transition to Full Producer Responsibility

**WHEREAS** the amount of single-use plastics leaking into our lakes, rivers, waterways is a growing area of public concern;

**WHEREAS** reducing the waste we generate and reincorporating valuable resources from our waste stream into new goods can reduce GHGs significantly;

**WHEREAS** the transition to full producer responsibility for packaging, paper and paper products is a critical to reducing waste, improving recycling and driving better economic and environmental outcomes;

**WHEREAS** the move to a circular economy is a global movement, and that the transition of Blue Box programs would go a long way toward this outcome;

**WHEREAS** the **Municipality of X** is supportive of a timely, seamless and successful transition of Blue Box programs to full financial and operational responsibility by producers of packaging, paper and paper products;

**AND WHEREAS** the Association of Municipalities of Ontario has requested municipal governments with Blue Box programs to provide an indication of the best date to transition our Blue Box program to full producer responsibility;

#### **THEREFORE BE IT RESOLVED:**

**THAT** the **Municipality of X** would like to transition their Blue Box program to full producer responsibility [month] [date], [year] (between January 1, 2023 and December 31, 2025).

**AND THAT** this decision is based on the following rationale:

1. **Insert rationale based on analysis of contracts, assets, integrated waste management system or other considerations (e.g., our collection contract for Blue Box material expires December 31, 2024 and our processing contract for Blue Box material also expires December 31, 2024.)**

**AND THAT** the **Municipality of X** would be interested in providing collection services to Producers should we be able to arrive at mutually agreeable commercial terms.



**AND FURTHER THAT** any questions regarding this resolution can be directed to Jane Doe, City Manager at xxx-xxx-xxxx or [jane.doe@municipalityx.ca](mailto:jane.doe@municipalityx.ca)

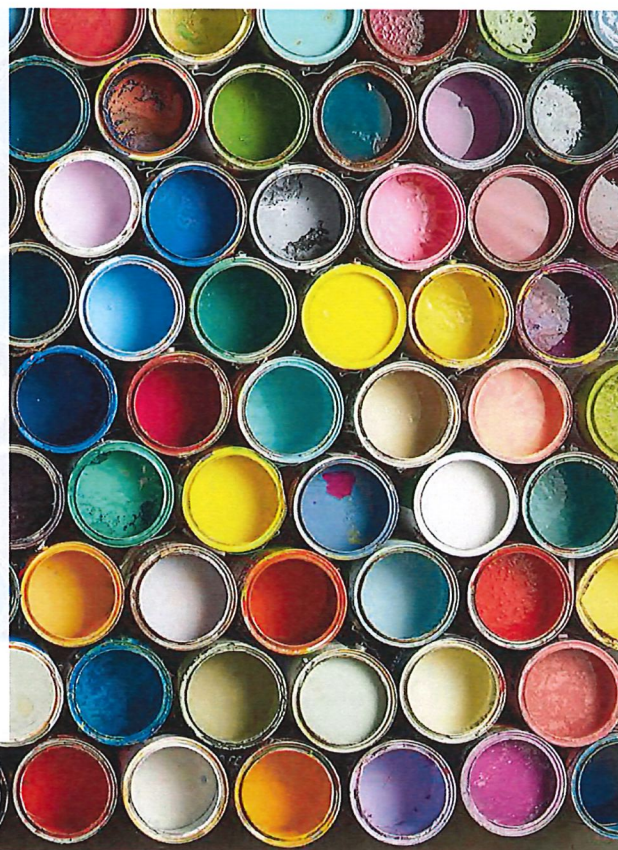
**AND FURTHER THAT** the resolution be forwarded to the Association of Municipalities of Ontario and the Ontario Ministry of the Environment, Conservation and Parks.

EXAMPLE

**RPRA Consultation**

# **Municipal Hazardous or Special Waste (MHSW) Program Wind-Up Plan**

**Fall 2019**



## Asking Questions

01/29/2018 10:00 AM EST

This webcast has not yet started

### Questions and Answers

Question : test  
Answer pending

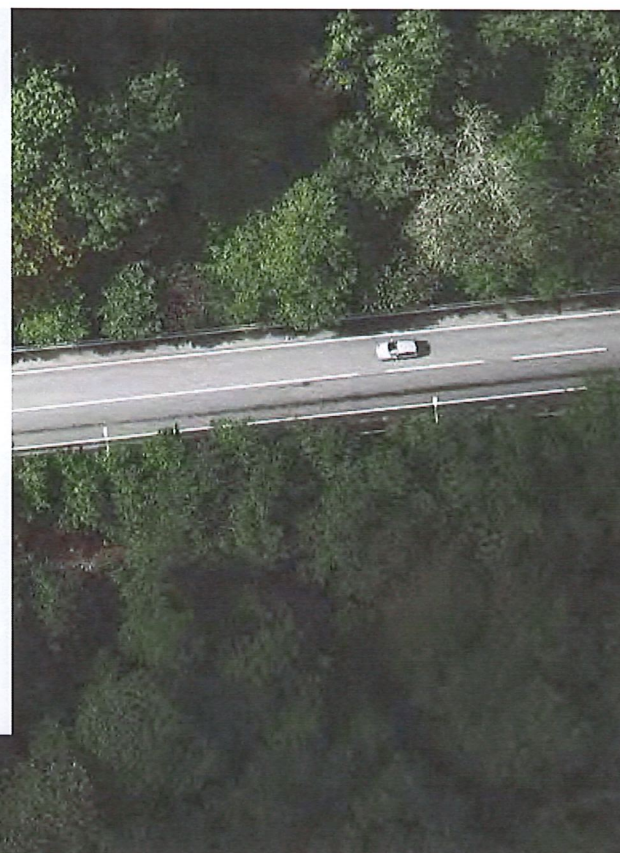
Type a question and press 'Enter'

To ask a question at any time during the presentation or for technical assistance, type your question in the text box and press "Enter".



## Agenda

- Purpose of the Consultation
- About RPRA
- Background
- SO's Proposed MHSW Wind-Up Plan
  - Governance and Administration
  - Financial Forecast, Fee Reduction and Residual Funds
  - Operations
  - Promotion and Education

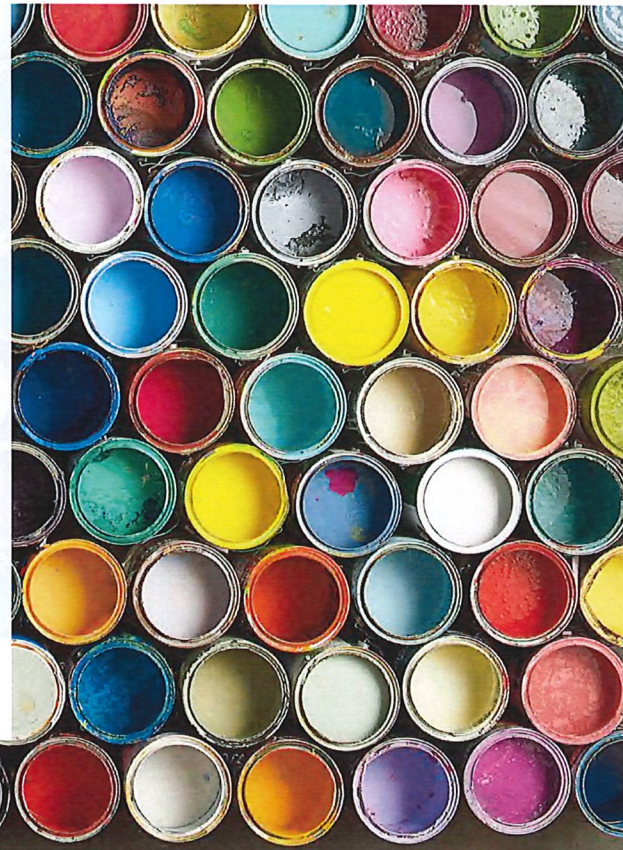


## Purpose of the Consultation

- **Provide an overview of Stewardship Ontario's proposed Wind-Up Plan for the Municipal Hazardous or Special Waste (MHSW) Program**
- **Answer questions you have on the wind-up process**
  - If there is a question we cannot answer, we will follow up in writing
- **Outline key questions we are seeking feedback on during the consultation period**
  - You can provide your feedback to RPRA until **November 21, 2019**
  - At the end of the presentation we will explain how you can provide that feedback



## About RPRA



## The Resource Productivity and Recovery Authority

- Regulatory body created by the Ontario government to oversee Individual Producer Responsibility requirements
  - Compliance and enforcement responsibilities delegated by the province
- Mandated to support the transition to a circular economy and waste-free Ontario
  - Despite efforts, Ontario's diversion rates have stalled
  - New emphasis on Individual Producer Responsibility to drive better economic and environmental outcomes

## The RRCEA and WDTA

- RPRA receives its Authority from the *Resource Recovery and Circular Economy Act, 2016* (RRCEA) and the *Waste Diversion Transition Act, 2016* (WDTA)
- RRCEA establishes a new framework where producers are individually responsible and accountable for their products and packaging, recovering resources, and reducing waste
- WDTA allows for the continuation of waste diversion programs and sets out provisions to wind up those programs as directed by the Minister of the Environment, Conservation and Parks



## **Our Vision**

**A circular economy today  
for a waste-free tomorrow.**

## **Our Mission**

**Enforce producer responsibility and advocate for  
the circular economy to spur innovation and  
protect the environment.**

## What We Do

Under the **WDTA**, our responsibilities include:

Overseeing existing waste diversion programs and industry funding organizations until wind up

- **Used Tires Program** *[Concluded December 31, 2018]* operated by Ontario Tire Stewardship
- **Waste Electrical and Electronic Equipment Program** operated by Ontario Electronic Stewardship
- **Municipal Hazardous or Special Waste Program** operated by Stewardship Ontario
- **Blue Box Program** operated by Stewardship Ontario

Approving wind-up plans developed by Industry Funding Organizations

- Monitor the execution of wind-up plans

## What We Do

Under the **RRCEA** our responsibilities include:

- Developing and operating a registry to register and receive information from obligated parties responsible for materials under the RRCEA
- Managing, analyzing and reporting on the information in the registry
- Carrying out compliance and enforcement activities

# Background



## MHSW Program

- The Municipal Hazardous or Special Waste (MHSW) Program is operated under the authority of Ontario's *Waste Diversion Transition Act, 2016* (WDTA)
- The program is designed to collect certain hazardous and special wastes and ensure they are managed in an environmentally responsible way at end of life
- MHSW materials include:
  - **single-use batteries**
  - **pressurized containers**
  - **oil containers**
  - **oil filters**
  - **antifreeze**
  - **paints and coatings**
  - **pesticides**
  - **solvents and**
  - **fertilizers**

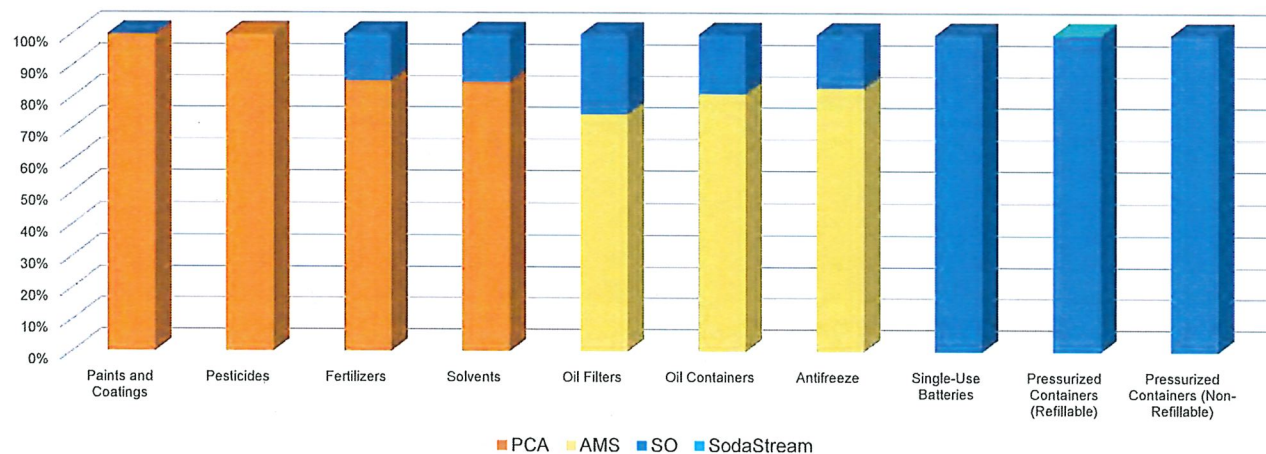


## Industry Funding Organization (IFOs) and Industry Stewardship Organizations (ISOs)

- Under the *Waste Diversion Transition Act, 2016* (WDTA), **Stewardship Ontario (SO)** continues to be responsible for operating the MHSW program
- The Act also permits management of such materials by ISOs
  - **Product Care Association (PCA)**: approved to manage paints & coatings in July 2015 and pesticides, solvents and fertilizers (PSF) in April 2016
  - **Automotive Materials Stewardship (AMS)**: approved to manage oil filters, oil containers, antifreeze and antifreeze containers in April 2017
  - **SodaStream**: approved manage their own of proprietary pressurized containers in July 2016
- SO continues to operate battery and pressurized container programs
- SO continues to represent a small number of stewards in some of the other MHSW categories managed by the ISOs

## Industry Funding Organization (IFO) and Industry Stewardship Organizations (ISOs)

Percentage of Material Managed by each MHSW Program Operator  
*(\*based on collected tonnes as reported in 2018 Annual Reports)*



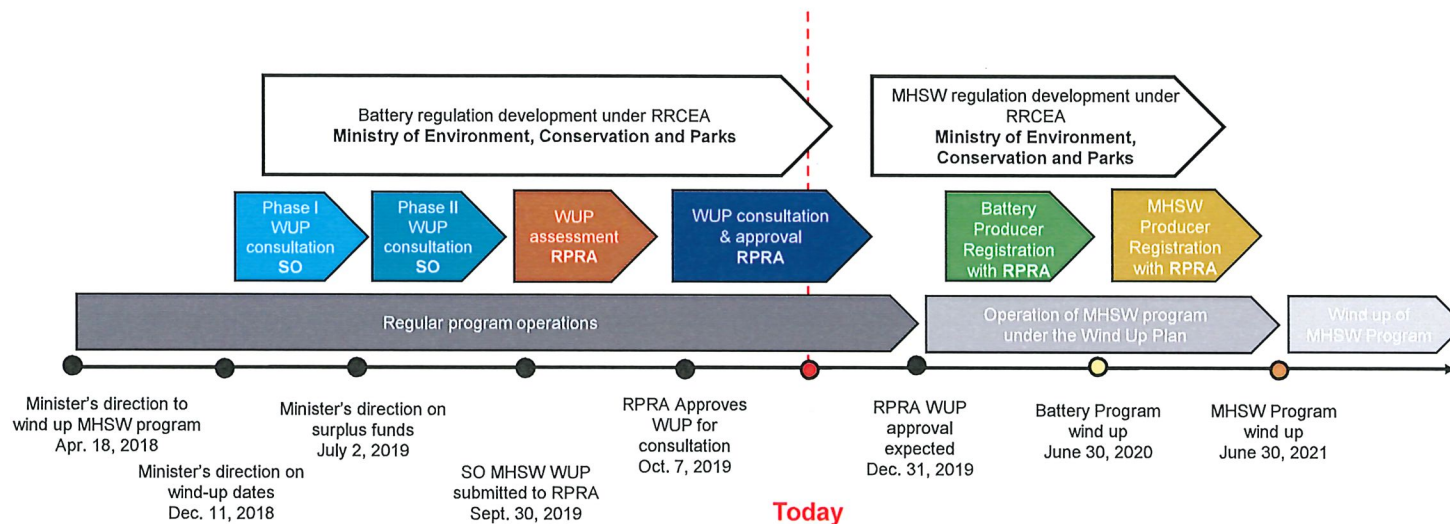
## MHSW Wind-Up Plan (WUP) Development and Approval

### Evaluation Criteria

- Stewardship Ontario's proposed MHSW Wind-Up Plan must be compliant with the WDTA and consistent with the Minister's directions
- The Plan is also assessed against requirements of the Authority's Wind-Up Guide, a non-binding document to provide guidance to IFOs in the development of wind-up plans
- The purpose of the consultation is to get feedback from stakeholders on the plan, and inform the Authority's decision making
- Final approval of the Plan will be made by the Authority



## MHSW Wind-Up Plan (WUP) Development and Approval Timelines



## Minister's Direction to Wind Up the MHSW Program

The plan should be consistent with the following principles

- Demonstrate transparent communications and meaningful consultation
- Support competition and prevent conflict of interest
- Demonstrate fairness to stewards and protect consumers
- Maintain and improve program performance

## Minister's Direction to Wind Up the MHSW Program

### Surplus Funds

- The July 2019 direction to SO required that the wind-up plan include a proposal to return surplus funds to Ontario consumers of municipal hazardous or special material (MHSM)

Material Categories	Ministerial Direction
MHSM categories whose recovery is managed by SO (single-use batteries and pressurized containers)	"(...) direction that the proposal will set out rules governing a fee elimination during the wind-up period. I expect that consumers will benefit from this direction through the elimination of any consumer fees of through reduced product cost."
MHSM categories that are managed through industry stewardship plans (paint and coatings, pesticides, solvents, fertilizers, antifreeze, oil filters and oil containers)	"(...) the proposal include options to return surplus funds to MHSM consumers; for example, through a consumer rebate option."

- SO to include a proposal to deal with any residual funds (remaining) after the proposal to return surplus funds to consumers has been implemented and concluded.

## What's Changing?

### Going from:

*Waste Diversion Transition Act, 2016 (WTDA)*

**Shared Producer Responsibility**  
Stewards/producers collectively responsible for the end-of-life management of batteries and MHSW

A system centrally managed by SO and ISPs

### To:

*Resource Recovery and Circular Economy Act, 2016 (RRCEA)*

**Individual Producer Responsibility (IPR)**  
Stewards/producers individually responsible for the end-of-life management of batteries and other MHSW to incent competition and innovation and increase accountability

A system managed by multiple competing producer responsibility organizations (PROs), and/or producers managing their own products

## What's Changing?

### Going from:

A supply chain operated according to the IFO's Program Plan and Industry Stewardship Plans (ISPs)

IFO and ISPs collect system data and the Authority oversees MHSW program operators (SO, PCA, AMS, SodaStream)

### To:

Supply chain operated without an approved Program Plan or Industry Stewardship Plans (ISP)

Supply chain will be managed according to commercial negotiations between producers, PROs and service providers within the parameters of a new regulation

The Authority collects system data through a secure registry to enforce individual producer compliance

## **Key Questions – About Us and Background**

***Do you have any questions regarding the role of the Authority?***

***Do you have any questions or comments regarding the wind-up plan's evaluation criteria, its timelines or the Minister's direction?***



# Stewardship Ontario's (SO) Wind-Up Plan for the Municipal Hazardous or Special Waste (MHSW) Program



# Governance and Administration





## Conflict of Interest Mitigation

### Minister directed in wind-up letter that:

- “SO shall take all necessary steps to ensure there is no real, potential or apparent conflict of interest when developing and implementing the plan.”

### Potential concerns identified:

- Canadian Stewardship Services Alliance (CSSA) administers the SO MHSW Program through a service agreement with SO
- CSSA may have an operational role under the RRCEA after wind up
- SO and CSSA Boards had significant cross representation

### Conflict of Interest Mitigation Plan:

- The Authority required that SO develop and implement a Conflict of Interest Mitigation Plan and that this plan be implemented prior to wind up

## SO MHSW Conflict of Interest Mitigation Plan

### Board Governance

- SO amended Board Code of Conduct by-law to define “overlapping directors”
- SO directors who are also directors of the CSSA or AMS (defined as “overlapping directors”) or whose company has a future expectation of operating as a service provider under the RRCEA with respect to MHSW materials, are not permitted to participate in decisions regarding the MHSW Program or the wind up of the MHSW Program
- Board members are required to disclose any potential conflict of interest related to the Board’s review of MHSW Program decisions and will be required to recuse themselves from those decisions

## SO MHSW Conflict of Interest Mitigation Plan

### MHSW Executive Committee

- In **November 2018**, SO established an MHSW Executive Committee (chaired by an independent director) to:
  - Oversee the development and execution of the MHSW Wind-Up Plan
  - Ensure delivery of MHSW operations during Wind-Up period
  - Provide direction on MHSW financial matters
- The MHSW Executive Committee is comprised of directors whose businesses are not involved in or obligated under the MHSW Program
- SO appointed an MHSW program manager to report directly to the MHSW committee and lead a team of independent consultants (accounting, legal and policy advisors) engaged to work on the wind-up project

## SO MHSW Conflict of Interest Mitigation Plan

### Administration

- CSSA Executives are not responsible for MHSW wind up decisions as per new reporting structure
- SO and CSSA staff involved in program administration are prohibited from engaging in activity or directly or indirectly benefitting from their position or connections as employees in situations that constitute or have the appearance of a conflict of interest
- SO - CSSA service agreement prohibits the disclosure of confidential information and restricts its usage to that reasonably required to exercise duties under the agreement

## SO MHSW Conflict of Interest Mitigation Plan

Since submitting the MHSW WUP, SO has further strengthened their conflict of interest plan in preparation for the wind up of the Blue Box Program by creating the SO Wind-Up Team and has taken or will take the following actions:

- All cross appointments between the SO and CSSA boards have been eliminated; no common directors between the organizations
- CSSA/SO Board Chair has resigned and a new SO Board Chair has been elected
- New SO Executive Director and Board Secretary has been appointed
- MHSW Executive Committee is no longer required and SO Wind-Up Team now reports directly to the SO Executive Director
- Segregated workspace will be constructed for the SO Wind-Up Team, SO staff and CSSA staff providing services to SO



## SO MHSW Conflict of Interest Mitigation Plan

### Data Management – Steward Access to Data

- Stewards will have access to their historic submission data through the WeRecycle steward reporting web portal until program termination
- Following program termination, steward data will no longer be accessible through the portal
- SO proposes to give MHSW stewards at least 45-days notice regarding the anticipated change in accessibility

## SO MHSW Conflict of Interest Mitigation Plan

### Data Management – Transfer of Data to RPRA

- All MHSW program data will be transferred to the Authority in digital format with measures implemented to maintain data security throughout the transfer process
- Confidential or commercially sensitive information will be identified so that the Authority can take steps to ensure secure data storage and protection of such information
- Historic program data will be in the Authority's possession and future access to this data will be subject to the Authority's Access and Privacy Code
- Only MHSW program data required for tax and legal purposes will be retained until no longer required, at which point the process of destroying the data from active and back-up access points will begin with a final attestation provided to the Authority once the destruction process is complete

## **Key questions – Governance and administration**

***Do you have any feedback on the proposed Conflict of Interest Plan contained within SO's MHSW Wind Up Plan? Does it support competition and prevent conflict of interest?***

***Do you have any feedback on the plan for the management of MHSW program data leading up to and following the wind up?***



# Financial Forecast, Fee Reduction and Residual Funds



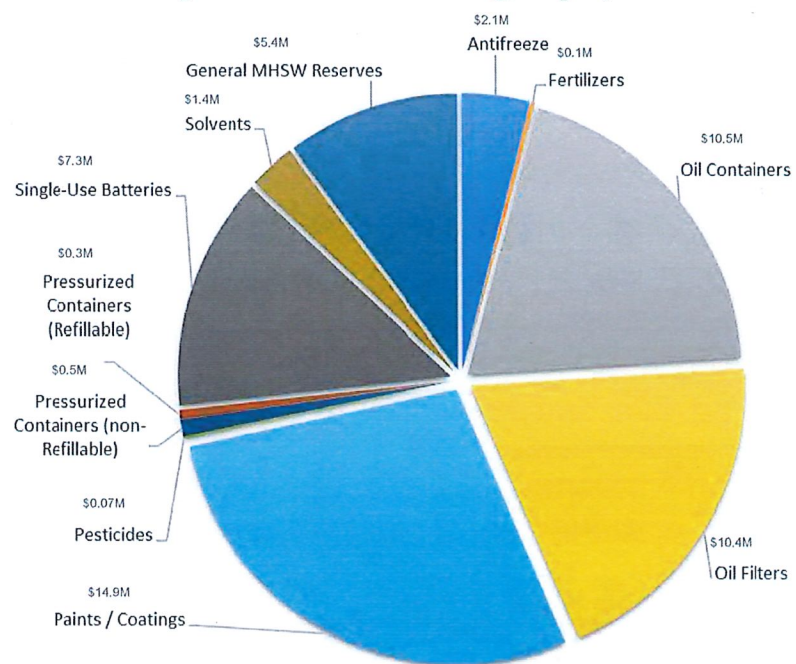
## Background – CRA HST Refund and Impact on Reserves

- In April 2018, a CRA judgement related to the ability for SO to claim Input Tax Credits (ITCs) between 2011 to 2017, resulted in a **\$29.4M** HST refund
- The CRA ruling increased SO's reserves for the period ending December 2018 to **\$53.1M**
- Reserves are allocated to specific material categories
- MHSW material category reserves are distributed according to contributions by stewards throughout the course of the MHSW Program

## MHSW Reserves by Material Category (as of December 2018)

	Accumulated Operating Surplus (Excluding HST Adjustment)	HST ITC Adjustment	Deferred Revenue (2012)	Total Reserve Estimate December 2018
Antifreeze	\$316	\$1,267	\$527	\$2,110
Fertilizers	\$33	\$94	\$5	\$132
Oil Containers	\$3,668	\$6,111	\$715	\$10,494
Oil Filters	\$1,622	\$6,062	\$2,688	\$10,372
Paints/Coatings	\$4,648	\$7,145	\$3,141	\$14,934
Pesticides	-\$43	\$101	\$11	\$69
Pressurized Containers (Non-Refillable)	-\$413	\$818	\$110	\$515
Pressurized Containers (Refillable)	\$127	\$159	\$2	\$288
Single-Use Batteries	\$419	\$4,974	\$1,903	\$7,296
Solvents	\$734	\$676	\$37	\$1,447
<b>Total Reserves Allocated by Material</b>	<b>\$11,111</b>	<b>\$27,407</b>	<b>\$9,139</b>	<b>\$47,657</b>
MHSW General Unrestricted Reserves	\$1,360	\$1,969	\$0	\$3,329
MHSW Portion of Sustaining Fund	\$2,100	\$0	\$0	\$2,100
Total Unallocated Reserves	\$3,460	\$1,969	\$0	\$5,429
<b>Total MHSW Reserve Estimate</b>	<b>\$14,571</b>	<b>\$29,376</b>	<b>\$9,139</b>	<b>\$53,086</b>

## MHSW Reserves by Material Category (as of December 2018)





## MHSW WUP Financial Forecast 2019 - 2021 (in \$000)

	2019	2020	2021
<b>Estimated Reserves Beginning of Year</b>	<b>53,086</b>	<b>\$48,728</b>	<b>\$22,035</b>
Estimated Revenue	\$13,758	\$5,086	\$939
Program Operating Expenses			
Direct Material Costs	\$13,110	\$8,773	\$1,792
Administration	\$3,560	\$3,057	\$2,325
Sub-Total	\$16,670	\$11,830	\$4,117
Operating Surplus/Deficit	-\$2,912	-\$6,744	-\$3,178
Estimate MHSW Wind Up Costs	-\$1,446	-\$2,681	-\$3,165
ISP Fee Reduction		-\$17,268	-\$15,319
<b>Estimated Reserves End of Year</b>	<b>\$48,728</b>	<b>\$22,035</b>	<b>\$373</b>
General Reserve Drawdown	\$1,446	\$1,681	\$2,302
Material Reserve Drawdown	\$2,912	\$25,012	\$19,358

## Minister's Direction Regarding Surplus Funds

- Due to the large amount held by SO in reserves, the Minister issued a direction to SO to return surplus funds to Ontario consumers of municipal hazardous or special materials (MHSM)
- Furthermore, the materials managed by Stewardship Ontario and the Industry Stewardship Organization (ISOs) received specific directions

Material Categories	Ministerial Direction
MHSM categories whose recovery is managed by SO (single-use batteries and pressurized containers)	"(...) direction that the proposal will set out rules governing a fee elimination during the wind up period. I expect that consumers will benefit from this direction through the elimination of any consumer fees or through reduced product cost."
MHSM categories that are managed through industry stewardship plans (paint and coatings, pesticides, solvents, fertilizers, antifreeze, oil filters and oil containers)	"(...) the proposal include options to return surplus funds to MHSM consumers; for example, through a consumer rebate option."

## Options Considered to Manage Surplus Funds

**Categories whose recovery is managed by SO (single-use batteries and pressurized containers)**

1. **Fee Elimination:** SO reduces MHSW steward fees for single-use batteries and pressurized containers for a specified period of time in each related MHSW category
2. **Fee Reduction:** SO reduces MHSW steward fees over a longer period – exact level of final fee reduction based on final program financial reconciliations and completed steward supply reports

**Categories that are managed through ISPs (paint and coatings, pesticides, solvents, fertilizers, antifreeze, oil filters and oil containers)**

SO considered and consulted on four options to return surplus funds to consumers:

1. **Fee elimination/reduction for ISP materials**
2. **Rebate consumers that purchase MHSM**
3. **Rebate consumers that return MHSW materials for recycling**
4. **Implement a single general MHSW consumer rebate through various awareness initiatives**

## **Proposal – Fee Reduction to SO Stewards and ISO Members**

- SO proposes to return surplus funds to MHSM consumers through the implementation of a fee reduction for both SO stewards and ISO members during the wind-up period
- SO believes that this proposal achieves the following objectives:
  - **Enables the consistent treatment of all MHSW program participants**
  - **Represents the most efficient way to ensure that the disbursement of surplus funds will benefit consumers**
  - **Minimizes the administrative costs associated with disbursement of surplus funds**
  - **Maximizes the aggregate level of disbursed funds which minimizes the level of residual funds left in the program following termination**
  - **Flexibility to adjust the amount of the final fee reduction based on most current financial and operational information**
- SO asserts that the competitive market dynamic associated with the sale of MHSM materials should result in cost savings being passed onto related consumers



## Proposal – Fee Reduction Mechanics

- SO is proposing to apportion surplus funds held in each material specific reserve as a reduction to steward invoices during the final quarters of the program
- The duration of fee reduction (number of quarters) varies based on surplus amount and operating cost associated with the management of each type of material
- SO steward invoices would indicate the amount of the program costs (i.e. what would normally be billed to the steward) and the amount of the fee reduction associated with the reserve drawdown in addition to the amount the steward would be required to pay.
- SO proposes to implement the fee reduction for ISP members through separate service agreements with the ISOs (AMS and PCA) that establish terms for:
  - **Data sharing**
  - **How to document the process**
  - **How to resolve disputes**
  - **Require that any fee reductions paid for by SO benefit or are passed onto to ISP members.**

## Proposal – Fee Reduction Communications

Stakeholders Involved in the Sale of MHSM	Method of Communication	Communication Goal
<ul style="list-style-type: none"> <li>• SO Stewards</li> <li>• ISO Members</li> <li>• MHSM Wholesalers</li> <li>• MHSM Retailers</li> </ul>	<ul style="list-style-type: none"> <li>• Email Blasts</li> <li>• Website Posts</li> <li>• Targeted Webinar Sessions</li> </ul>	<p>Ensure that all stakeholders involved in the sale of MHSM are fully aware of:</p> <ul style="list-style-type: none"> <li>• The process by which fees will be reduced for SO stewards and ISO Members</li> <li>• The anticipated timing of implementation of the fee reductions and</li> <li>• The estimated level of the fee reduction per MHSW category</li> </ul>

## Proposal – Residual Funds

- Any residual funds that remain in the program following the resolution of outstanding program financial obligations, are proposed to be transferred to the Authority to help offset registry-related costs under the RRCEA framework in relation to various MHSW material categories
- Using SO's residual funds to offset the Authority's registry-related expenses will lower registry fees recoverable from producers, thereby reducing the cost that producers pass on to consumers under the RRCEA

### *MHSW Residual Fund Forecast (\$000)*

Antifreeze	\$55
Fertilizers	\$5
Oil Containers	\$87
Oil Filters	\$58
Paints/Coatings	\$53
Pesticides	\$5
Solvents	\$9
Pressurized Containers (Non-Refillable)	\$44
Pressurized Containers (Refillable)	\$33
Single-Use Batteries	\$27
<b>Residual Funds at program Termination</b>	<b>\$376</b>

## **Key questions – Financial Forecast, Fee Reduction and Residual Funds**

- *Do you have any comments or feedback regarding:*
- *The proposal to return surplus funds to MHSM consumers through the implementation of a fee reduction to SO stewards and ISO members?*
- *The proposal to transfer remaining MHSW residual funds to the Authority to offset registry-related expenses and ultimately lower producer registry fees?*

# Operations





# Operations: Service Providers



## **Proposal – Stewardship Ontario Program Operation** **Single-Use Batteries and Pressurized Containers**

- No changes to service provider claims procedures, incentive payments or contractual terms prior to the MHSW Program termination date
- No changes to MHSW material definitions
- All MHSW materials will continue to be collected, transported, processed and recycled in accordance with current program standards and performance metrics up until **June 30, 2021** (or **June 30, 2020** in the case of single-use batteries).



## Proposal – Municipal Collectors

### Single-Use Batteries and Pressurized Containers

- SO to continue to pay municipalities for depot hours and collection events in relation to single-use batteries until **June 30, 2020** and pay for depot hours and collection events for other MHSW materials until **June 30, 2021**.
- Municipalities would receive payments pursuant to the same payment schedule as they currently receive.
- Municipalities must submit event claims no later than two months after the program termination dates (**August 31, 2020** for single-use batteries and **August 31, 2021** for pressurized containers).
- SO will work with municipalities to amend existing agreements to reflect the different termination dates for single-use batteries and other MHSW materials.

## Proposal – Transporters and Processors

### Single-Use Batteries and Pressurized Containers

- SO proposes to continue to provide incentives under the Battery Incentive Program (BIP) for all single-use batteries collected by **June 30, 2020** (program termination date)
- Transporters would have until **July 15, 2020** to collect single-use batteries and from collection sites and until **July 15, 2021** to collect pressurized containers.
- Transporters and processors would have until **August 31, 2020** to submit incentive claims for single-use batteries dropped off by **June 30, 2020** and collected by **July 15, 2020**.
- Transporters and processors would have until **August 31, 2021** to submit claims for pressurized containers dropped off by **June 30, 2021** and collected by **July 15, 2021**.

## Summary of Key Dates – Service Providers

Single-use battery cut-off dates	
<b>June 30, 2020</b>	Single-use Battery program termination date: <ul style="list-style-type: none"> <li>• Materials collected by this date eligible for transportation and processing incentives;</li> <li>• Municipalities eligible for single-use battery related incentives re depot hours and collection events.</li> </ul>
<b>July 15, 2020</b>	Deadline for pick-up of single-use batteries collected by June 30
<b>August 31, 2020</b>	Deadline for: <ul style="list-style-type: none"> <li>• Submission of municipal claims for single-use battery related incentives (final submission);</li> <li>• Submission of service provider claims for battery incentives (final submission);</li> </ul>
MHSW cut-off dates	
<b>June 30, 2021</b>	MHSW material program termination date (excluding single-use batteries): <ul style="list-style-type: none"> <li>• Materials collected by this date eligible for transportation and processing incentives;</li> <li>• Municipalities eligible for incentives re depot hours and collection events</li> </ul>
<b>July 15, 2021</b>	Deadline for pick-up of MHSW collected by June 30 (excluding single-use batteries)
<b>August 31, 2021</b>	Deadline for: <ul style="list-style-type: none"> <li>• Submission of municipal claims for incentives (final submission);</li> <li>• Submission of service provider claims for incentives (final submission);</li> </ul>

## Proposals – Audit and Review Activities

### Service Providers Claims

- SO proposes to continue with current service provider monitoring throughout the wind-up period
- As the wind-up date approaches, SO anticipates that volumes of materials collected and processed may change, which will require the careful monitoring of final service provider claims submissions closely and initiation of review procedures to confirm materials collected are consistent with program standards



## **Service Providers – Post-Wind Up**

### **All MHSW Materials**

- All material collected **AFTER** the MHSW program termination dates (**June 30, 2020** for single-use batteries and **June 30, 2021** for all remaining MHSW materials) would be subject to the requirements of the RRCEA and the associated regulations
- If service providers wish to continue to participate in the MHSW program under the RRCEA, new agreements will need to be established to define terms for collection, transportation and processing of material
- It is anticipated that PROs for Batteries and MHSW materials will register with the Authority in advance of the program wind up

## Proposal – ISP Agreements

### Paint and Coatings, Pesticides, Solvents, Fertilizers, Automotive Materials

MHSW Material	ISO	Program Agreement Amendments
Antifreeze Oil Containers Oil Filters	AMS	<ul style="list-style-type: none"> <li>SO to extend its current agreements with each ISO to align with the MHSW Program wind up termination date (<b>June 30, 2021</b>)</li> <li>SO will follow the current process and arrangements with the ISOs and purchase SO steward's share of quarterly costs in each material category based on estimates of proportionate share of total supplied quantities of MHSM to the Ontario market</li> <li>SO to follow the existing invoicing and payment process until program termination</li> </ul>
Pesticides Solvents Fertilizers	PCA	
Paint and Coatings	PCA	<ul style="list-style-type: none"> <li>SO proposes to explore the possibility of adding paints and coatings to its existing supply agreement with PCA (covering PSF categories) during the wind-up period.</li> <li>SO will continue to purchase credits on behalf of its registered stewards from PCA until program termination</li> </ul>



## **Key question – Service Provider Operations**

***Are the service provider cut-off dates proposed by  
Stewardship Ontario reasonable?***

# Operations Stewards



## Proposal – Steward Reporting and Payment Dates

### Single-Use Batteries

- Final adjustment requests for 2019 and earlier will need to be submitted by **May 31, 2020**
- Final supply reports for Q2 2020 data July 1, 2020 will be due by **August 31, 2020**
- Final adjustment requests for 2020 supply data will need to be submitted by **August 31, 2020**
- Battery stewards would receive their last invoice from SO 90 days after the program termination with payment required 30 days after receipt of the invoice (**Oct 31, 2020**)

## **Proposal – Steward Reporting and Payment Dates**

### **All Other MHSW Materials**

- Final adjustment requests for 2020 and earlier will need to be submitted by **May 31, 2021**
- Final supply reports for Q2 2021 data July 1, 2020 will be due by **August 31, 2021**
- Final adjustment requests for 2021 supply data will need to be submitted by **August 31, 2021**
- MHSW stewards would receive their last invoice from SO 90 days after the program termination with payment required 30 days after receipt of the invoice (**Oct 31, 2021**)

## Summary of Key Dates for Stewards

Single-use battery cut-off dates	
<b>May 31, 2020</b>	Deadline for single-use battery stewards to submit 2019 supply report adjustments
<b>June 30, 2020</b>	Single-use Battery program termination date
<b>August 31, 2020</b>	Deadline for: <ul style="list-style-type: none"> <li>• Submission of single-use battery steward supply report adjustments for 2020;</li> </ul>
<b>Oct 31, 2020</b>	<ul style="list-style-type: none"> <li>• Deadline for steward payment of final Stewardship Ontario invoice – sent September 30, 2020 Due 30 days after receipt</li> </ul>
MHSW cut-off dates	
<b>May 31, 2021</b>	Deadline for other MHSW stewards (excluding single-use batteries) to submit 2019-2020 supply report adjustments
<b>June 30, 2021</b>	MHSW material program termination date (excluding single-use batteries)
<b>August 31, 2021</b>	Deadline for: <ul style="list-style-type: none"> <li>• Submission of steward supply report adjustments for 2021;</li> </ul>
<b>Oct 31, 2021</b>	<ul style="list-style-type: none"> <li>• Deadline for steward payment of final Stewardship Ontario invoice – sent September 30, 2021 Due 30 days after receipt</li> </ul>



## Proposals – Audit and Review Activities

### Steward Supply Reports

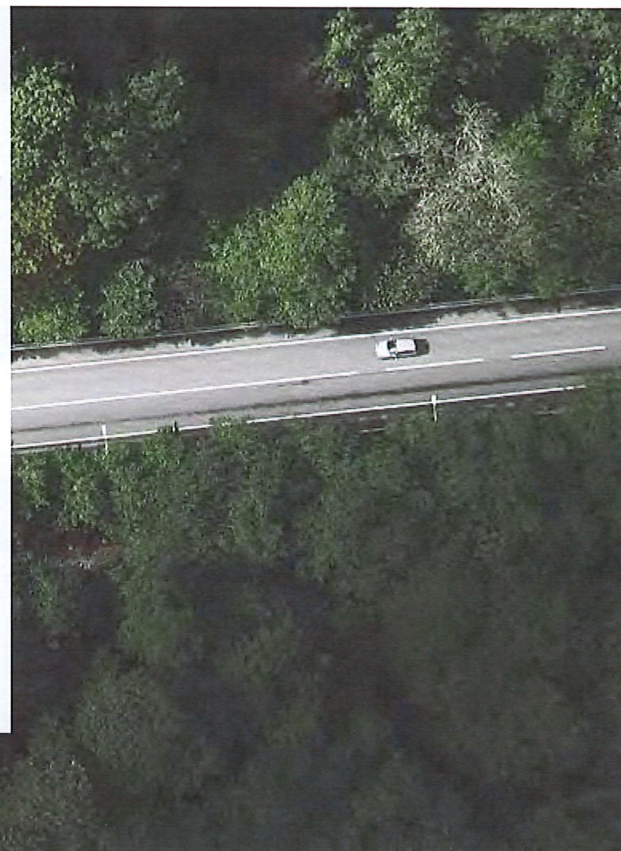
- SO proposes continue to follow its current steward compliance audit framework for selecting stewards to audit throughout 2019 and 2020
- As program termination dates get closer, SO proposes to limit random steward audits and focus resources on ensuring steward compliance with program termination reporting deadlines and requirements



## **Key question – Steward operations**

***Does Stewardship Ontario's proposed final steward reporting schedule and process align with your business operations?***

# Promotion and Education



## Proposal – Orange Drop Website and Branding

- SO to continue to use Orange Drop branding and website functions as the consumer-facing brand of the MHSW Program throughout the wind-up period
- SO to operate the Orange Drop website for six months after program termination (\*this transition period would last for 18 months for single-use batteries)
- During the transition, the Orange Drop website would direct consumers to new sources of information on the proper disposal of MHSW materials
- Following this transition period, SO to transfer the legal title of Orange Drop and its website domain name to the Authority

## Proposal – Orange Drop Website and Branding

- SO to continue the current promotion and education awareness programs throughout the wind-up period to ensure that program performance is not adversely affected by a slow down of these activities
- Promotion and education activities represented approximately four per cent of Stewardship Ontario MHSW Program expenses in 2018; a similar level of spending is being proposed for 2019 and 2020
- Promotion and education activities will cease on **June 30, 2021**

## **Key question – Promotion and Education**

***Do you support the transfer of the ownership of the Orange Drop website and branding to the Authority?***

***Would you support the Orange Drop branding being made available to Producer Responsibility Organizations (PROs) and producers?***

***Do you feel that PROs may need access to the Orange Drop website and branding prior to the wind-up dates?***

## **Key question – General Feedback on the WUP**

***Is there enough information in the wind-up plan for you to prepare for the wind up of the program?***

***Please provide any feedback you may have regarding the MHSW Wind Up Plan's efforts to meet the requirements of the various Minister's directions?***



## Next steps

- You may provide your feedback on SO's MHSW Wind-Up Plan by:
  - Emailing your comments to [consultations@rpra.ca](mailto:consultations@rpra.ca)
  - You will receive an email from RPRA that includes a link to this presentation, the audio, and a survey on the consultation process
- Stakeholder feedback is due by **November 21, 2019**
- Feedback from the consultation will be summarized in a report that will be available on the Authority's website
- RPRA and SO will provide information on proposed regulations as soon as information becomes available from the Ministry of Environment, Conservation and Parks

## **Key Questions**

Question 1: Do you have any questions regarding the role of the Authority?

Response:

- a. Niagara Region has no concerns at this time provided that the transition of the windup plan submitted by Stewardship Ontario meets the Minister's Directive, the process is transparent and the Resource Productivity and Recovery Authority (Authority) fulfills its mandate as required.
- b. As part of its role following windup plan completion, the Authority needs to ensure the market is fair to all parties and that no single Producer Responsibility Organization (PRO) has a major monopoly of agreements with producers (i.e. no more than XX percent of the market). Niagara experienced this issue during the tire transition during the first half of 2019 i.e. a PRO indicated that one specific tire PRO had agreements with 85% of the market which caused operational issues for Niagara Region resulting in reduced service and tires not being collected.
- c. That all parties involved with the process of MHSW are compensated properly according to the Minister's Direction.

Question 2: Do you have any questions or comments regarding the wind-up plan's evaluation criteria, its timelines or the Minister's direction?

Response:

- a. The timelines seem reasonable
- b. Niagara Region has concerns about the transition occurring in the middle of the summer (busy time of year for MHSW) while the collection sites try to maintain a high level of service for residents. As an example, during the transition of the tire program it took several months for the PROs to have agreements in place and coordination of haulage which would be critical during a busy time of the year such as summer.

Question 3: Do you have any feedback on the proposed Conflict of Interest Plan contained within SO's MHSW Wind Up Plan? Does it support competition and prevent conflict of interest?

Response:

- a. The changes to the various boards appears to have eliminated any potential conflict of interest. That being said, the process must be transparent.

Question 4: Do you have any feedback on the plan for the management of MHSW program data leading up to and following the wind up?

Response:

- a. The management of data is appropriate based on the information provided.

Question 5: The proposal to return surplus funds to MHSM consumers through the implementation of a fee reduction to SO stewards and ISO members?

Response:

- a. The Authority will need to clearly and transparently demonstrate that through this process there is a fee reduction passed down through the stewards and Industry Stewardship Organizations (ISO) members to the consumers. The Authority needs to ensure that stewards do not increase the cost and then reduce the cost by the same amount and claim that consumers are receiving a rebate.
- b. The fee reduction methodology needs to be clearly and easily communicated to consumers so that they are aware of the fee reduction program.

Question 6: The proposal to transfer remaining MHSW residual funds to the Authority to offset registry-related expenses and ultimately lower producer registry fees?

Response:

- a. The process of transferring residual funds needs to be transparent. Similar to response 5 a., the Authority must ensure that any savings are passed onto consumers.

Question 7: Are the service provider cut-off dates proposed by Stewardship Ontario reasonable?

Response:

- a. The timelines seem reasonable.

Question 8: Does Stewardship Ontario's proposed final steward reporting schedule and process align with your business operations?

Response:

- a. It is not anticipated that the reporting schedule will have an impact on our business operations. The Authority has provided sufficient notice in order for Niagara Region to plan and meet requirements in advance of the deadlines.

Question 9: Do you support the transfer of the ownership of the Orange Drop website and branding to the Authority?

Response:

- a. Yes, an independent organization should oversee the Orange Drop site to ensure that the public's interest is maintained.

Question 10: Would you support the Orange Drop branding being made available to Producer Responsibility Organizations (PROs) and producers?

Response:

- a. The PROs and producers should work through the Authority for any changes that are required to the Orange Drop site.

Question 11: Do you feel that PROs may need access to the Orange Drop website and branding prior to the wind-up dates?

Response:

- a. Please see response to Question 10.

June 21, 2019

Krista Friesen  
Resource Recovery Policy Branch  
40 St. Clair Avenue West, Floor 8  
Toronto, ON  
M4V 1M2

Dear Ms. Friesen,

**RE: REGULATION FOR RECYCLING OF ELECTRICAL AND ELECTRONIC  
EQUIPMENT (EEE) AND BATTERIES (EBR REGISTRY NUMBER: 019-0048)**

Niagara Region appreciates the opportunity to provide comments in response to the EBR posting regarding the Regulations for Recycling of Electrical and Electronic Equipment (EEE) and Batteries under the Resource Recovery and Circular Economy Act, 2016. Please find the Region's comments on each respective section of the regulations below.

**Designating Materials**

Niagara Region is supportive of inclusive list of designated materials, including appliances, lighting and ballasts, which are included in Schedule I of the EEE regulation, however the list of EEE does not include toys. Toys containing electronic parts and batteries are commonly found at municipal recycling and waste disposal facilities and should be included in the scope of the EEE regulation.

The Region has no concerns with the definition of "large-scaled fixed installations" which excludes large-scale electrical equipment such as elevators, escalators and streetlights.

Niagara Region also supports the inclusion of single use and rechargeable batteries in the battery regulation as it avoids confusion for consumers and ensures more battery capture.

**Defining Responsible Producers**

The regulations propose responsibility primarily on brand holders who are resident in Canada whose EEE and batteries are marketed and supplied to Ontario consumers, followed by importers and others who market EEE and batteries who are resident in Ontario, and then others who are located out of province but who market and supply EEE and batteries to Ontario consumers through the internet. Niagara Region supports the cascading approach to identify responsibility for EEE and batteries, however if there are two or more brand holders resident in Canada, the regulation states that the brand holder most directly connected to the production of the EEE or the batteries is the producer. This is not defined and should be further clarified as it is vague.

## **Niagara Region's Response to Consultation Sessions: Proposed Producer Responsibility Framework for WEEE and Batteries**

Niagara Region supports the dual hierarchy for batteries to differentiate producers that include batteries in their products and those that do not.

With respect to the producers that are located out of province but who market and supply EEE and batteries to Ontario consumers through the internet, a mechanism should be developed to report on-line sellers (free-riders) that do not pay extended producer responsibility (EPR) fees and do not assume take-back obligations. This would improve enforcement by RPRA.

### **Collection Requirements**

Niagara Region supports the Ministry's approach for ensuring accessibility of EEE and battery collection sites across the Province. While the accessibility requirements increase the reach to consumers throughout the province and applies to municipalities of more than 1,000, this may still leave a segment of Ontario municipalities without disposal options if there is no local retailer. Accessibility of collection sites must be included in all municipalities.

The regulation does not, and should not, require municipalities to collect EEE or batteries, but municipalities should retain the right to collect if they wish to be a service provider.

The EEE regulation suggests collecting each type of EEE material separately. Only in rare cases would categories not mix with other categories or have different requirements (i.e.: lighting ballasts). But for the most part, electronics can be safely collected together. This will enable sites with limited space to effectively offer collection services for a wider range of materials with existing resources.

A significant portion of EEE falls under the categories of large and small equipment, including most appliances, tools and gardening equipment. Therefore producers of large and small equipment should not be exempt from collection requirements. Further, in an effort to maximize capture, producers should be subject to collection requirements in all cases, and should not have reduced obligations even if their management requirement falls below the identified minimum thresholds. The identified management requirement thresholds in the regulations do not support the notion of 100% extended producer responsibility practices.

### **Management Requirements**

Niagara Region is supportive of adding the weight of reuse, refurbishment, or processed EEE to make new products, packaging or *things* to satisfy recovery requirements as this should help incentivize more reuse and refurbishment activity; however, there should be increased checks and enforcement to prevent any producers from falsely calling a product refurbished just to meet their targets. In addition, the term, "things" needs to be defined. It is vague and does little to provide clarification and could have companies looking to achieve targets based on the lowest common denominator.



## **Niagara Region's Response to Consultation Sessions: Proposed Producer Responsibility Framework for WEEE and Batteries**

### **Waste Reduction Initiatives**

Niagara Region is supportive of a reduction of a management requirement to be capped at 50 per cent if: EEE contains post-consumer recycled glass or recycled plastic content; if EEE is subject to a warranty that covers one or more years (with escalating reductions); or if the producer provides information, tools or parts available at no charge or on a cost recovery basis to safely repair the EEE. The process for repairs shall be a relatively simple process to ensure that it does not deter the repair of EEE.

Both regulations should encourage product design where there is less use of toxic materials and rare earth components in the manufacture of EEE and battery products.

An extended warranty, at no additional cost, that provides the same coverage as the original manufacturer's warranty would provide an incentive for manufacturers to design their products with additional longevity. This would drive innovation in the design of their product if their extended, no-charge warranty was three or more years, with the incentive that the producer may reduce the weight of its supply data for each of those years by 10 per cent of the weight supplied with the warranty in each of those years.

A processor and refurbisher guideline will support the required standards that must be met by processors and refurbishers in order for the tonnage processed by those companies to count toward a producer's recovery requirement. The guideline should make a clear distinction between repair and refurbishment. Refurbishing should be clearly defined as a product being put back on the market, versus repair which does not entail a resale of the product. The guideline, as well as increased checks and enforcement, will help support and prevent any producers from falsely calling a product refurbished just to meet their management requirement.

### **Promotion and Education**

Promotion and education should be clear on what types of EEE and batteries can be recycled and which cannot. In addition, the requirements for promotion and education should be expanded to be clear on how repair services, parts and tools are made available to consumers and how producers shall make these tools available and accessible to rural, northern and remote communities.

The regulations should be clear on what types of communication are required (i.e.: radio, television, social media campaigns, etc.) and should also include non-digital media forms such as print to increase accessibility of information to rural, northern and remote communities that may not have access to broadband internet service providers.

Further, the regulations should state that the producer, while responsible for all promotion and education, can delegate or engage with private parties to address these responsibilities to help meet their requirements.

Finally, the regulations do not offer a standard for those who market EEE and batteries in Ontario on visible extra fees related to resource recovery or waste reduction. Rather, the regulations leave it up to

**Niagara Region's Response to Consultation Sessions:  
Proposed Producer Responsibility Framework for WEEE and Batteries**

seller whether they identify the charge or not. Niagara Region supports all-in pricing to make it simpler for the consumer.

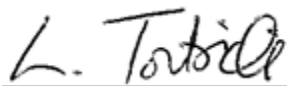
**Registration, Record Keeping, Reporting and Auditing**

The regulations should require collection sites to register and confirm that they are an active collection site for EEE and batteries. In Niagara, there has been some confusion with respect to the collection of tires as some registered collectors are not actively collecting tires. As such, the regulations should require collection sites to register with confirmation of active collection.

The regulations state that municipalities, acting as collectors, must keep records relating to EEE and batteries at their sites. Specifically, the draft regulations state that if the site receives more than 15 units or 150 kg of EEE, or more than 15 kg of batteries, from a person on a single day, the operator of the site must record the person's name, contact information, any unique identifier assigned by the Registrar and the amount of EEE or batteries accepted. Niagara Region is not supportive of keeping or maintaining these records as it is impractical and unnecessary for municipal collection sites. We support the exclusion of municipal sites from these record keeping requirements as municipal sites manage a wide range of materials from the public to ensure they are properly managed and are extremely busy.

Thank you again for the opportunity to provide comments on the regulation. Niagara Region looks forward to continued engagement with the Ministry, and sharing our unique municipal perspective as we work together to create a circular economy for Ontario.

Regards,



Lydia Torbicki  
Director, Waste Management Services (Acting)

cc: Mr. R. Tripp, CAO (Acting)  
Ms. C. Habermehl, Commissioner, Public Works Department (Acting)

November 25, 2019

**VIA WEBFORM**

Jamie Haldenby  
Ministry of the Environment, Conservation and Parks,  
Program Management Branch – Program Oversight  
40 St. Clair Avenue West  
4<sup>th</sup> Floor  
Toronto, ON  
M4V 1M2

Dear Ms. Haldenby:

**RE: ERO 019-0671 Changing the Mandate of the Resource Productivity and Recovery Authority**

Niagara Region Waste Management Services is submitting the comments below in response to ERO 019-0671. We thank you for the opportunity to share our municipal perspective and look forward to continued engagement with the province.

In the development of mandate and program changes for the Resource Productivity and Recovery Authority (RPRA), Niagara Region encourages consultation with stakeholders, including municipalities. Niagara Region is generally supportive of the move to digital reporting as a means of increasing efficiency and accessibility as well as reducing paper waste. With respect to specific program changes, Niagara Region recommends consideration of recycling programs for materials such as shingles, mattresses, carpets, porcelain and concrete. Finally, the continued oversight of new and existing programs by the Province is recommended.

We appreciate your consideration of these comments.

Respectfully submitted,



Catherine Habermehl  
Director, Waste Management Services

Encl.

**Niagara Region Waste Management Services Response on MECP's Proposal  
"Changing the Mandate of the Resource Productivity and Recovery Authority"  
ERO number- 019-0671**

Proposed Changes

1. Change RPRA's mandate to include digital reporting services, fee setting, and cost recovery for other programs beyond producer responsibility

1.1 We are proposing to have RPRA collect information for other programs beyond resource recovery and waste reduction. This would include having RPRA carry out registration of programs and overseeing reporting, data management and fee collection for duties related to waste, beyond waste reduction, or resource recovery. This would save all businesses money as a larger group of system users would be sharing common costs.

1.2 RPRA currently sets and collects fees to recover the costs for administering programs under the RRCEA. We are proposing changes to allow RPRA to set and collect fees for the digital reporting services they would be providing for any new programs they take on. The fees would include costs incurred by the ministry for program oversight, compliance and enforcement.

***Comments:***

Niagara Region is supportive of the move to digital reporting and online processes as a means of increasing efficiency and accessibility as well as reducing paper waste.

In terms of expanding the mandate of RPRA to collect information for programs beyond resource recovery and waste reduction, Niagara Region seeks clarification on the types of programs that potentially fall under this expanded oversight (i.e. municipal organics programs, landfill disposal) and recommends consultation with affected parties, including municipalities. As the mandate is expanded, the Region would like to see a focus on recycling programs for materials such as shingles, mattresses, carpets, porcelain and concrete.

In setting fees for digital reporting services, Niagara Region recommends Provincial guidance in defining parameters and overseeing implementation.

2. Maintain government oversight for the programs that will transition to RPRA. We are proposing to allow the ministry to set guidance on fee structures for the programs that RPRA will be providing digital reporting services.

2.1 Compliance and enforcement for future programs taken on by RPRA will remain the responsibility of the ministry. RPRA would be responsible for operating the digital reporting service to ensure reports are complete and related fees are collected. We are not proposing any changes to the existing ministry oversight of RPRA.

**Comments:**

Niagara Region supports the continued role of the ministry in providing oversight on all new and existing programs taken on by RPRA as a means of maintaining program consistency, quality and accountability.

**3. Make other associated changes**

3.1 Currently, the ministry recovers its program costs through an Order in Council. We are proposing to recover all ministry costs more efficiently through a Minister's Order.

3.2 The WDTA sets out RPRA's responsibilities, including its responsibility to oversee the transition of waste diversion programs operated by industry funding organizations (IFOs), to the new extended producer responsibility framework under the RRCEA. We propose to amend the WDTA to allow the transfer of residual surplus funds left at the end of transition, from an IFO to RPRA. While most funds are spent during program transition, some funds may still remain at the end of the transition. This change would allow those residual funds to go to RPRA, where they would be used to reduce fees and financially benefit the regulated community related to the program being transitioned.

3.3 We are also proposing to permit future regulations that could assign additional duties and powers to RPRA. The ministry would consult on any future regulations.

**Comments:**

As it would be difficult to ensure a net zero sum at the end of transition and to avoid a negative funds scenario, it would be necessary to hold a surplus to ensure sufficient funds are available until the end of the transition period. Niagara Region supports the transfer of these residual funds to RPRA. The Region encourages a fair and equitable process to determine the best application of these funds. The process should be transparent and clearly identify which parties will benefit from the surplus funding.

With respect to Ontario Electronic Stewardship (OES), the Minister, in a letter to RPRA on April 2, 2019, stated that any surplus funds that OES does not need for program operations or wind up costs be used for the benefit of Ontario consumers. As the consumers have paid the environmental handling fees, the Minister stated that the consumers must benefit from the surplus. While the consumer fees were eliminated as

of February 1, 2019 to draw down the surplus, any remaining funds that are being considered for transfer to the RPRA should meet with the Minister's approval.

#### Proposed program to transition to RPRA

The first digital reporting service we are proposing to transition to RPRA is for the Hazardous Waste program. In 2020, we will be consulting on specific regulatory changes related to Hazardous Waste.

Currently the Hazardous Waste program's digital reporting service is difficult to use resulting in the majority of reports being submitted on paper (e.g. manifests). To make reporting easier, we are proposing to have RPRA develop and deliver a digital reporting service for this program.

#### ***Comments:***

Niagara Region is supportive of the move to digital reporting and online processes as a means of increasing efficiency and accessibility as well as reducing paper waste.

The stakeholders who will be required to utilize the reporting service, specifically including municipalities, must be involved in the development of this new system.