

Addition of New Materials to the City's Waste Diversion Programs (Adapt Policy)

Date: May 17, 2018

To: Public Works and Infrastructure Committee

From: General Manager, Solid Waste Management Services

Wards: All

SUMMARY

This report outlines how the City of Toronto will consider the addition of new materials to its Blue Bin Recycling and Green Bin Organics Waste Diversion Programs. It introduces a transparent process that brand owners and packaging manufacturers can refer to when designing new product packaging. It also includes the City's expectations regarding cost recovery measures for testing the behaviour of new materials in its processing facilities and any financial impacts to its integrated waste management system as a result of new material addition.

The Addition of New Materials to the City's Waste Diversion Programs Policy (Adapt Policy) integrates Circular Economy principles such as shifting towards a 100 per cent Extended Producer Responsibility model that supports maximum utility and recovery of products and packaging and treats them as resources with value. Stakeholder engagement was undertaken in order to gather comments and feedback on the Adapt Policy. This has been considered and reflected in the updated Adapt Policy.

The Adapt Policy framework can be modeled by other local governments and can set a foundation for standardization across the province in the absence of other guiding regulations.

RECOMMENDATIONS

The General Manager, Solid Waste Management Services, recommends that:

1. The Public Works and Infrastructure Committee receive this report for information.

FINANCIAL IMPACT

There are no immediate financial implications resulting from this report.

The Interim Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of April 24, 25, 26, and 27, 2018, City Council adopted Item PW28.8 entitled "State of Toronto's Blue Bin Recycling Program".

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.PW28.8>

At its meeting of April 11, 2018, Public Works and Infrastructure Committee adopted Item PW28.9 entitled "Review of Single-Serve Coffee Pods in the City of Toronto's Waste Diversion Programs".

The Public Works and Infrastructure Committee Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.PW28.9>

At its meeting of July 12, 13, 14, and 15, 2016, City Council adopted Item PW14.2 entitled "Final Long Term Waste Management Strategy", and adopted the recommended options and implementation plan, as presented in Attachment 1 to the report dated June 2, 2016, from the General Manager, Solid Waste Management Services.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.PW14.2>

At its meeting on October 18, 2016, the Public Works and Infrastructure Committee considered Item "PW16.7 - Compostable Coffee Pods" and requested the General Manager, Solid Waste Management Services, to consult with industry experts and the Ministry of the Environment and Climate Change and report back in the second quarter of 2017 on the implications and impacts of accepting single-serve or single-use products, including coffee pods, in the City's Waste Diversion Programs; such report to include, among other things to review options to research, pilot and support new markets for divertible materials under the Unit for Research, Innovation and a Circular Economy, as part of the Long Term Waste Management Strategy.

The Public Works and Infrastructure Committee Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.PW16.7>

COMMENTS

Lifestyles and packaging are changing. New packaging materials are regularly introduced into the marketplace and make their way into the waste stream for end-of-life

management once consumed or used. From a solid waste management perspective, unfortunately these new packaging materials can result in increased contamination into the Blue Bin Recycling and Green Bin Organics Waste Diversion Programs.

Such materials can include "compostable" or "biodegradable" packaging, and new multi-material packaging which result in higher management costs in Waste Diversion Programs. Brand owners and packaging and product manufacturers (Material Sponsors) have a strong interest in having their new packaging materials (proposed materials) added to Waste Diversion Programs in order to appeal to environmentally conscious consumers and grow market share. The City is regularly approached by brand owners, packaging and product manufacturers to accept proposed materials in our Waste Diversion Programs.

The General Manager, Solid Waste Management Services, has existing authority to designate new materials for collection and addition to the City's Waste Diversion Programs. This authority allows the City to strategically prioritize waste diversion from landfill where sustainable markets exist and to respond in an agile way to the rapidly changing packaging and products.

The Adapt Policy clarifies how the General Manager, Solid Waste Management Services will exercise existing authorities. It introduces a mechanism to provide for full cost recovery (i.e. for testing, market research, operational costs, contract changes, new communications, promotion, and education campaigns etc.) to offset the cost of the addition of proposed materials to the Waste Diversion Programs. The Adapt Policy also supports the province's *Waste-Free Ontario Act, 2016*, and Food and Organic Waste Framework, 2018, and its goal of advancing a circular economy through Extended Producer Responsibility. It also takes into account new challenges regarding Blue Bin recycling contamination and restrictions in international markets which could cause increased cost pressures to the Solid Waste rate (as outlined at the April 24, 25, 26, and 27, 2018 City Council meeting in the staff report dated March 22, 2018, Item PW28.8 entitled, "State of Toronto's Blue Bin Recycling Program").

Adapt Policy Overview

The Adapt Policy is a City-led streamlined process to assess whether a proposed material can be added in the City's Waste Diversion Programs. It provides a basis for reference that Material Sponsors can review and follow as they make their proposed material design choices and also transparently formalizes some already existing internal practices.

To review the characteristics and impacts/opportunities of adding a proposed material to the waste diversion programs, the Adapt Policy sets out a list of the following considerations:

- Alignment with the circular economy;
- Impact to the City's triple bottom line (i.e. social, economic, environmental);
- Consistency with existing provincial/federal measurements or instruments;

- Consistency with City contracts; and,
- Other considerations (i.e. how could the addition of the proposed material potentially impact other municipal waste diversion programs?).

The considerations are followed by set conditions that a Material Sponsor must meet in order to have their proposed material added to a Waste Diversion Program. Meeting the conditions may result in the Material Sponsor entering into one or more Agreements with the City. Agreements will include cost recovery for pilot testing, increases to the operational or contract costs as a result of adding the proposed material to the waste diversion stream, public education campaign costs and other financial assurances that may be required. The full Adapt Policy is provided in Attachment 1.

Adapt Policy Supports a Circular Economy and the City's Long Term Waste Management Strategy

The Long Term Waste Management Strategy supports maintaining a financially sustainable solid waste management system and development of innovative approaches to work towards the aspirational goal of zero waste going to landfill. The current market landscape for the sale of the City's recovered Blue Bin recyclables offers lower revenues and in some circumstances requires the City to pay to have the recyclables purchased. The Adapt Policy allows the City to divert additional waste from landfill by adding new materials to its Waste Diversion Programs and to recover the costs of doing so.

The Adapt Policy also benefits Material Sponsors. When a Material Sponsor's proposed materials are added to the City's Waste Diversion Programs it contributes towards their environmental stewardship goals while at the same time driving innovation and diversion from landfill. This helps support economic growth through a Circular Economy approach in conserving and recovering more resources, creating jobs as a result and contributing towards better environmental outcomes.

City of Toronto Authorities to Implement the Adapt Policy

The General Manager, Solid Waste Management Services, may designate materials as "recyclable materials" or "organic materials" for collection in the City's Waste Diversion Programs. This authority is set out in the City of Toronto Municipal Code in Schedules A and B of Chapter 841, Waste Collection, Commercial Properties and Schedule B of Chapter 844, Waste Collection, Residential Properties. The authority for these Chapters of the City of Toronto Municipal Code is found in Section 8 of the *City of Toronto Act* which permits the City to adopt By-laws to deliver "services and things". The Adapt Policy clarifies the factors the General Manager, Solid Waste Management Services, will consider when exercising this discretion.

To recover the cost of assessing new materials and any increased processing costs related to the addition of new materials, the Adapt Policy contemplates entering into Agreements with material sponsors to cover these costs. A Material Sponsor could be

an importer, manufacturer, retailer, etc. The participation of any Material Sponsor who wishes to have a proposed material added to the waste diversion programs is voluntary. The City's authority to enter into such Agreements is found in the natural person powers in Section 7 of the *City of Toronto Act*.

Adapt Policy Supports City Resiliency and a local model for Extended Producer Responsibility

Enhancements to the Ontario Blue Box Program Plan under *the Provincial Resource Recovery and Circular Economy Act, 2016*, are not anticipated until 2023 or later. In the meantime, brand owners and product and packaging manufacturers are only partially responsible (currently paying for approximately 45 per cent of the total costs of the system) for the costs incurred by municipalities to operate the program. The introduction of the Adapt Policy is an innovative, progressive and resilient public policy being introduced by the City that supports a transparent, circular and fiscally responsible approach to waste diversion while the province is in a state of transition.

The Adapt Policy provides Material Sponsors with best practices and considerations regarding municipal integrated waste management systems if new proposed materials are added. These considerations can be used to help better inform product and packaging design choices and more closed-loop resource management. Material Sponsors would have the option to coordinate amongst themselves to encourage participation in sponsoring a new material and mitigate against free ridership ((i.e. individuals that do not contribute or pay their share of costs for inclusion of their materials in waste diversion programs).

The Adapt Policy is replicable for other Ontario local governments. Authorities under the *Ontario Municipal Act* are consistent with those noted above in the City of Toronto Authorities to Implement Adapt Policy section of this report. This makes the Adapt Policy a local Extended Producer Responsibility model until such time that there is new legislation/regulations.

Solid Waste Management Services has shared the Adapt Policy with the Association of Municipalities of Ontario and other members of the Municipal Resource, Recovery and Research Collaborative to provide them with the support required should they also wish to pursue a similar approach and support standardization of policies across the Province.

Adapt Policy Stakeholder Consultation and Engagement Undertaken

Solid Waste Management Services, along with Public Consultation staff, led two consultation meetings to present the Adapt Policy for stakeholder and community input. The first meeting held on February 22, 2018, included coffee and tea pod industry stakeholders, representatives from the retail industry, environmental and non-profit organizations, material processors, other municipalities and packaging materials industry stakeholders. The meeting format consisted of a presentation from City staff on the draft Adapt Policy, followed by facilitated table discussions on questions on the

Adapt Policy. Meeting invitees were invited to submit written comments on the Adapt Policy and were provided a due date of April 16, 2018. General themes from the written submissions include:

- Recognition of the increasing complexity of the Blue Bin Recycling Program and influx of new packaging;
- Concerns regarding consistency with Provincial and Federal regulations;
- Concerns over inconsistencies across Municipal Recycling Programs; and,
- Need for additional clarity on the application of the Adapt Policy and timelines.

A summary of the written submissions received from the coffee and tea pod industry consultation is found in Attachment 2.

Staff also engaged the general public and held a session (total of 150 participants in attendance) on March 21, 2018. The purpose of this event was to provide an update on the implementation of the City's Long Term Waste Management Strategy, share information on the *Waste Diversion Transition Act, 2016*, and *Resource Recovery and Circular Economy Act, 2016*, update the work that the City and Ontario municipalities were undertaking to move towards Extended Producer Responsibility, and present the Adapt Policy. Following the presentations, staff responded to participant questions on the meeting content and the Adapt Policy. Meeting invitees were also provided a link to the draft Adapt Policy that was posted on-line along with a survey to provide feedback on the policy. Survey results indicate that the majority of respondents (85%) strongly support or support the City applying the Adapt Policy in considering the inclusion of new packaging materials in the City's waste diversion programs. The detailed summary, the survey questions, and findings are contained in Attachment 2.

Based on the questions and comments received through the consultation sessions, the Adapt Policy has been updated to incorporate stakeholder input. Specifically, consulted participants requested additional information on timelines for the application of the Adapt Policy. In response to this comment, the Adapt Policy (Attachment 1) was revised to clarify that timelines would be discussed with Material Sponsors on a case by case basis.

As the Adapt Policy aligns with the objective of shifting responsibility to producers of packaging, the Municipal Resource Recovery and Research Collaborative, along with other waste industry stakeholders, were engaged on the draft policy and supported the City's approach when considering the addition of new materials to its Waste Diversion Programs.

Staff also met with Ministry of Environment and Climate Change ("Ministry") staff to present the draft Adapt Policy. Ministry staff did not provide specific input on the Adapt Policy, however expressed interest in the outcome of future discussions with interested stewards that want to see their proposed material added to the City's Waste Diversion Programs.

Examples and Best Practices of Similar Approaches in other Jurisdictions

Research conducted found that the practice of applying policy considerations and conditions when adding proposed materials to diversion programs is not being undertaken at the local government level. No other municipality is currently applying a similar policy.

The approach of guiding sustainable packaging designs however, is a common practice that takes place higher up on the packaging value chain. Manufacturers are supported with information, tools, policies, incentives and disincentives to promote consideration and inclusion of elements of designing with the environment in mind. An example of this is France's implementation of a modulated fee structure that includes financial incentives to encourage better packaging design and fees for disruptive or non-recyclable packaging. The fee modulation structure takes into consideration similar criteria as contained in the Adapt Policy, such as the recyclability of a product, existence of technology to sort and process, and existence of end markets for the sorted material.

Next Steps

As a next step in formalizing the Adapt Policy, staff will develop sample Material Sponsor contract templates for material testing, resident education obligations, integrated waste management system obligations, financial assurance obligations and written commitment for standardized packaging. Once prepared, the templates will be shared with stakeholders for their review and comment.

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SIGNATURE

Jim McKay

General Manager
Solid Waste Management Services

ATTACHMENTS

Attachment 1- Policy for Addition of New Materials to the City's Waste Diversion Programs (Adapt Policy)

Attachment 2 - Summary of Consultation and Engagement Activities Related to proposed Addition of New Materials to the City's Waste Diversion Programs Policy (Adapt Policy)