

Transition of Toronto's Blue Box Program to Extended Producer Responsibility

Date: August 17, 2020

To: Infrastructure and Environment Committee

From: General Manager, Solid Waste Management Services

Wards: All

SUMMARY

The purpose of this report is to provide an update on the transition of Toronto's Blue Bin Recycling Program to extended producer responsibility and seek authority to advise the Ontario Ministry of the Environment, Conservation and Parks of Toronto's preferred transition date of July 1, 2023. This report also provides an update on the wind-up of the current shared municipal/producer funding model for blue box materials and discusses potential elements of the future EPR regulation and Toronto's key policy positions. The report also presents information on potential future-state scenarios and when the financial and operational responsibility of managing blue box materials is fully transitioned to producers.

RECOMMENDATIONS

The General Manager of Solid Waste Management Services recommends that:

1. City Council approve the City of Toronto transitioning from the current Provincially-mandated Blue Box recycling program to the forthcoming Provincially-mandated Extended Producer Responsibility recycling program during the first of the Province's three proposed transition periods and starting such transition on July 1, 2023.
2. City Council direct the Mayor to provide the Ontario Minister of the Environment, Conservation and Parks with a copy of this Council resolution and to indicate in such letter that the City of Toronto prefers to transition its recycling program on July 1, 2023.
3. City Council direct the General Manager, Solid Waste Management Services to report back on impacts to user fees and any change in Solid Waste user fee program.
4. City Council direct the General Manager, Solid Waste Management Services to report back on the impact and proposed management of materials and sources not eligible for transition including costs (i.e. non-residential customer base).

5. City Council authorize the General Manager, Solid Waste Management Services and/or designate to negotiate and enter into any new agreements or amending agreements (including but not limited to amending agreements to receive external funding) necessary for the City's continued waste diversion operations until the latter of December 31, 2026 or the transition period end date indicated by the *Resource Recovery and Circular Economy Act, 2016* or the *Waste Diversion Transition Act, 2016*, or any regulations thereunder, on terms satisfactory to the General Manager, Solid Waste Management Services and each in a form satisfactory to the City Solicitor and conditional on approved funding.

FINANCIAL IMPACT

There are no immediate financial implications resulting from this report.

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

DECISION HISTORY

At its meeting on December 17 and 18, 2019, City Council adopted EX11.3 entitled "2020 Rate Supported Budgets - Solid Waste Management Services and Recommended 2020 Solid Waste Rates and Fees". Amongst other directions, City Council requested the General Manager, Solid Waste Management Services and/or designate to continue consulting and negotiating with Provincial Officials to ensure inclusion of the City's priorities in any new anticipated waste diversion regulations or policy statements that implement the *Resource Recovery and Circular Economy Act, 2016*, and the *Waste Diversion Transition Act, 2016*.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX11.3>

At its meeting on June 18 and 19, 2019, City Council adopted IE5.10 entitled "Management of Solid Waste Contracts under Transition to a Full Extended Producer Responsibility Model". Amongst other directions, City Council authorized the General Manager, Solid Waste Management Services and/or designate to negotiate and enter into any new agreements or amending agreements (including but not limited to amending agreements to receive external funding) necessary for the City's continued waste diversion operations throughout the transition period under the *Waste Diversion Transition Act, 2016*, based in part on the recommendations on pricing set out in the Confidential Attachment 1 to the report (May 15, 2019) from General Manager, Solid Waste Management Services, and on terms satisfactory to the General Manager, Solid Waste Management Services and each in a form satisfactory to the City Solicitor.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.IE5.10>

At its meeting on April 25, 2019, the Infrastructure and Environment Committee referred Item IE4.6 entitled "Strategy for Future Solid Waste Management Processing Material Recovery Facilities (MRF) Service Contracts" to the General Manager, Solid Waste Management Services with the request to report to the May 23, 2019 Infrastructure and Environment Committee Meeting.

The Infrastructure and Environment Committee decision document can be viewed at: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.IE4.6>

At its meeting on April 24, 25, 26, and 27, 2018, City Council adopted Item PW28.8 entitled "State of Toronto's Blue Bin Recycling Program". Amongst other directions, City Council authorized the General Manager, Solid Waste Management Services and/or designate to negotiate and enter into any amending agreements (including but not limited to amending agreements to receive external funding) necessary for the City's continued waste diversion operations throughout the transition period under the Waste Diversion Transition Act, 2016, based in part on the confidential recommendations on pricing set out in Confidential Attachment 1 to the report (March 22, 2018) from the General Manager, Solid Waste Management Services, and on terms satisfactory to the General Manager, Solid Waste Management Services and each in a form satisfactory to the City Solicitor.

The City Council Decision document can be viewed at: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.PW28.8>

At its meeting on September 19, 2017, Public Works and Infrastructure Committee adopted item PW23.6, entitled "Municipal Principles to Guide Transition of the Blue Bin Program". This report for information indicated that staff would update Committee and City Council regarding the progress developing an amended Blue Box Program Plan under the *Waste Diversion Transition Act, 2016*; the final amended Blue Box Program Plan submitted to the Minister of Environment and Climate Change for the transition period under the *Waste Diversion Transition Act, 2016*; and regulations or policy statements focusing on designated material and new diversion Program Plans under the *Resource Recovery and Circular Economy Act, 2016*.

The Public Works and Infrastructure Committee Decision document can be viewed at: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PW23.6>

At its meeting on July 4, 5, 6, and 7, 2017, City Council adopted Item PW22.4 entitled "New Provincial Waste Management Framework Legislation - Bill 151: *Waste-Free Ontario Act, 2016* - Update" and requested that the General Manager, Solid Waste Management Services report back to the September 19, 2017 Public Works and Infrastructure Committee, on a list of proposed principles that will guide the discussions and negotiations between the City and producers of designated materials collected in the City's waste diversion programs.

The City Council Decision document can be viewed at: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PW22.4>

COMMENTS

Background

The proclaiming in November 2016 of the *Resource Recovery and Circular Economy Act, 2016* and the *Waste Diversion Transition Act, 2016*, to facilitate the transition of the financial and operational responsibility of managing packaging, paper and packaging-like products (PPPP) from municipalities to producers initiated a monumental shift from shared responsibility to full extended producer responsibility (EPR).

Since 2002, the costs associated with the delivery of municipal residential blue box recycling services has been shared between municipalities and stewards (the companies that are responsible for primarily the conception, design, generation and distribution of packaging, paper and packaging-like products).

The funding model to date, under the former *Waste Diversion Act, 2002*, (WDA) was supposed to result in "the total amount paid to all municipalities under the program being equal to 50 per cent of the total net costs incurred by those municipalities as a result of the program". However, municipalities, including Toronto, have not historically received 50 per cent of their actual verified reported net costs, resulting in increased financial pressure. In contrast, EPR ensures that producers are assigned full financial and operational responsibility for the end-of-life management of their materials sold to residential households in Ontario.

Mediation with Special Recycling Advisor David Lindsay

In June 2019, Mr. David Lindsay was retained by the Province as a Special Recycling Advisor to mediate municipal and stakeholder consultations and provide advice on how to improve the Blue Box Recycling Program.

The mediation process identified several key topics for discussion, including transition timeline, municipal assets, eligible sources and materials, targets, and establishing a common collection system. The participating stakeholders reached consensus on many topics, while some topics required further discussion. After the completion of the mediation process, Mr. Lindsay provided the Province with a recommendations report to inform a successful transition of the Blue Box Program to extended producer responsibility.

On August 6, 2019, the Minister of the Environment, Conservation and Parks released Mr. Lindsay's final report on the mediation process. The report contained recommendations resulting from his stakeholder consultations and provided ways in which to improve the existing blue box program while ensuring it remains accessible and convenient for Ontario residents. The report informed the Ministry of the Environment, Conservation and Parks (the Ministry) next steps in improving the Blue Box Program. Refer to Attachment 1 for the mediation recommendations report.

Initiation of Transition Process

On August 15, 2019 the Minister of the Environment, Conservation and Parks provided a direction letter to [Stewardship Ontario](#) and the [Resource Productivity & Recovery Authority](#) to begin the transition of the Blue Box Recycling Program from municipalities to producers and begin the wind-up of the current Blue Box Program Plan. This letter marked the beginning of the transition process. Refer to Attachment 2 for the Minister's direction letter to Stewardship Ontario.

Preparing to Transition Toronto's Blue Box Recycling Program

The transition of the Blue Box Recycling Program to EPR will result in a fundamental change in how the Solid Waste Management Services Division operates its integrated waste management system including its user fee program. To guide the City through the transition, the Division has established a dedicated EPR transition team. Toronto's team is supported by a management staff-led internal working group and has retained a globally renowned EPR policy strategist to assist in the development of policy positions and an advocacy strategy. Professional services have also been retained to assess the financial impacts of EPR. The Division is also working to retain a business transformation and change management consultant to assist staff in the development and implementation of a transformation and change management plan as well as a utility rate consultant to provide recommendations on any changes to the user fee program.

Potential future transition scenario planning, including operational considerations and readiness assessments, are currently being analyzed by the EPR transition team. However, without a draft regulation, Toronto is without full and final information on the future state of recycling and what role, if any, the City assume or have under as part of the transition to EPR.

Draft Regulation Development & Stakeholder Engagement

Before transition to EPR can commence, a draft regulation must be enacted to establish the rules in which the new EPR system is to transition and operate in the province. Between December 2019 and July 2020, the Ministry hosted several meetings with stakeholders (municipalities, producers, and service providers) to inform the development of a draft EPR regulation for packaging, paper and packaging-like products.

A variety of discussion topics were explored, including:

- program accessibility for residents;
- the Blue Box materials list;
- the future state provincial common collection system under EPR;
- producer responsibilities;
- blue box program transition details;

- future producer EPR program targets; and,
- core EPR policy components.

City staff seized the opportunity to work closely and collaboratively with fellow municipalities (particularly those in the GTA) and municipal organizations (Association of Municipalities of Ontario, Municipal Resource Recovery and Research Collaborative, Municipal Waste Association, Regional Public Works Commissioners of Ontario) to ensure a united municipal voice and alignment of the policy positions brought forth to the Ministry. Toronto took a leadership role through these discussions to ensure the City and its ratepayers' (along with other municipalities') best interests were highlighted and protected. Furthermore, Toronto actively advocated for its best interests directly with Ministry staff, Minister's staff, producers, and producer organizations, and environmental non-governmental organizations.

Despite the global COVID-19 pandemic emergency response, the Province has acknowledged the extensive work that has been completed to date by municipalities, producers and service providers, and repeatedly stated that the government is committed to maintaining this momentum and the original timeline to transition Ontario's Blue Box Recycling Program to EPR. The City appreciates the continued dedication of Ministry staff to ensuring that this regulation is completed in a timely manner. The Province will release a draft regulation for consultation in summer 2020 with adoption of a final regulation anticipated in early 2021.

Transition Timelines & Common Collection System

The following information is based on information presented at working groups meetings with the Ministry:

After the final regulation is enacted, Producer Responsibility Organizations (PROs) will form to oversee the administration and management of Producer' obligated PPPP. Producers can choose to self-comply by organizing recovery systems to manage their own materials or contract with a PRO to organize and manage recovery systems on their behalf. In order to promote a competitive environment for service providers, Toronto is advocating for a system that allows multiple PROs to operate in the province.

All registered PROs will have until early 2022 to develop one provincial EPR common collection system agreement, which will determine how PPPP materials will be collected from the eligible sources defined in the regulation (e.g. single family households, multi-residential buildings, schools, etc.). The common collection system will be the same for all residents across Ontario and will identify a common list of acceptable materials, dictate service levels (e.g. collection frequency and collection bin type), and identify the sources which will receive collection services. The common collection system will be implemented once producers have complete control over the Blue Box Program in 2026. The common collection system will need to meet all conditions in the regulation as well as any Provincial Policy Statements put forth by the Province.

In addition to the common collection system, the Province has proposed that producers will also have the ability to include additional collection channels to recover additional

blue box materials. Some examples could include, but are not limited to, return-to-retail or mail-back programs.

Producers will also have the option to remove their material from the common collection system and use an alternative collection system to recover their material(s). However, before any materials are removed from the common collection system, producers will have to demonstrate that they can meet their targets through the proposed alternative channel.

The transition of municipal Blue Box Programs are expected to begin as early as January 1, 2023 and be completed by December 31, 2025. It has been proposed that approximately one-third of all municipal programs will transition each year and that during these three transition years, producers maintain existing service levels provided by municipalities, the list of materials currently collected and eligible sources funded under the existing shared financing program. The only allowed changes during transition will include a potential change in service provider (either a municipality or PRO-contracted service provider) and the transferring of program management costs to producers.

Potential Program Impacts

Until the final regulation is approved by the Province, it is difficult to know exactly how Toronto and its residents will be impacted by the transition to EPR. In addition, Toronto can only begin negotiating with PROs after they are registered with the Resource Productivity and Recovery Authority (RPRA) and a common collection system agreement is approved by the RPRA in early 2022. Therefore, Toronto's potential role in the future state will only be defined when discussions and negotiations with producers and PROs begin in 2022.

If the City's preferred transition date of July 1, 2023 is included in the transition schedule to be referenced in the PPPP regulation, Toronto will have little time to negotiate with PROs and determine short and long-term roles, if any, and prepare accordingly. Additional authorities are being sought in order to ensure that the City remains nimble and able to respond quickly during these negotiations to ensure our residents' best interests are protected as well as to negotiate in good faith with PROs. It is not known at this time what future role Toronto will have for the processing and marketing of blue box materials, collection or transfer of blue box materials or in promotion and education at this time. This information will be brought forward to City Council expeditiously as more details on the pending regulation are known.

Toronto's EPR Transition Position Paper

Following the final provincial stakeholder meetings, on July 28, 2020, Solid Waste Management Services' staff submitted a detailed position paper to the Ministry, highlighting positions that will allow for a smooth transition for Toronto residents, create room for continuous improvement, and engage residents to fully and accurately participate in the program to divert waste from landfill.

Toronto's position paper was guided by recommendations provided in Special Advisor Lindsay's Final Report and the 16 provincial interests for its resource recovery and waste reduction system identified in the *Waste-Free Ontario Act, 2016*.

The position paper provides recommendations to inform the development of key elements in the PPPP regulation. Tremendous thought, analysis, research, and discussion by the EPR transition team, staff working group, and consultants was incorporated into the creation of the position paper.

Each position statement is supported by a rationale and details as to why this action is necessary to achieve a successful transition. In addition, an explanation of how each recommendation supports specific provincial goals and interests in the *Waste-Free Ontario Act, 2016*. Refer to Attachment 3 for Toronto's full position paper to inform the draft EPR regulation for blue box materials

Toronto's Key Policy Concerns

While Toronto supports many of the proposals brought forth by the Ministry, such as the designation of all PPPP from eligible sources, there is considerable concern that some areas could significantly impact the viability and success of the future regulation if these initial provincial proposals are not revised. In particular, Toronto is concerned that the success of the regulation is based on the proposition that producer success and accountability will be assured by setting high PPPP management targets. This will be undermined if the Ministry's current proposals related to the following areas are not changed:

(i) Allowing recycled content credits to offset diversion targets would dramatically reduce a producer's PPPP management obligations, resulting in less incentive to maximise diversion from landfill and to improve PPPP design.

- The proposed one-to-one offset from the use of recycled content could dramatically reduce diversion outcomes. In some cases, the targets may be below the diversion rates already being achieved in Ontario. This would likely undermine a regulation which all stakeholders have noted is dependent on high targets and strong enforcement to be effective. Furthermore, producers should be incented to use higher quantities of post-consumer waste materials, rather than recycling of industrial scrap which is already common practice in the packaging and paper manufacturing sectors. Industrial scrap is also known as pre-consumer waste materials such as scraps and trimmings that end up on the factory floor. Post-consumer materials are recovered through municipal recycling programs.
- Toronto recommends the Ministry consider other policy tools and incentives, as presented in the attached position paper, to promote the use of more recycled content in products and packaging.

(ii) Limiting producer reporting and target setting to a few broad material categories reduces visibility of poor performing materials and gives them a free ride on those

materials which are achieving high diversion rates. It also removes any incentive for producers to improve the recyclability of these materials.

- The Special Recycling Advisory’s mediation report, accepted by the Ministry, stated: “Categories should be specific enough that they can be used to identify materials that have low diversion rates, so that action can be taken to improve diversion”. The Ministry’s proposal for producers to report and achieve management targets only in broad categories limits accountability and the capacity to understand the performance of specific materials. This provides little-to-no incentive for continuous improvement of poor performing materials by producers. Toronto recommends the regulation require producers to report and sets targets for both broad and specific material sub-categories.

Table 1 - Reporting Categories

Base Categories	Specific Sub-Categories
Paper	Old corrugated cardboard, newsprint, mixed fibres, gable top, aseptic (e.g. juice boxes)
Rigid Plastics	PET, HDPE, PP, Polystyrene, other rigid plastics
Flexible Plastics	Single material, multi-material
Metal	Ferrous and non-ferrous
Glass	N/A
Other	Wood, items marketed as compostable, fabric, etc.
Non-Alcoholic Beverage Containers	Sealed non-alcoholic beverage containers *Excluded from material specific category above
Alcoholic Beverage Containers	N/A *Excluded from material specific category above

(iii) The list of eligible sources through the transition period and for the Province-wide Common Collection System should maintain, at minimum, those identified in the current Blue Bin cost sharing formula.

- Toronto does not support the Ministry's proposal that parks, litter, and public spaces be omitted as eligible sources from the common collection system. Although Toronto appreciates the consideration of supplemental collection channels and their potential use in appropriate circumstances, the main method of collection for these sources should be through the common collection system because these sources are used by all residents. Toronto notes again, lowering producer's management targets on the basis of their use of recycled contents significantly reduces their incentive to establish these supplemental programs.
- Toronto recommends that the regulation include all residential dwellings, parks and public spaces, schools, and municipally-operated facilities, such as community centres and arenas as eligible sources. Under the current Blue Box Program Plan, the following are considered eligible sources: permanent or seasonal single and multi-residential households, senior citizen residences and long-term care facilities, public and secondary schools collected on a residential route concurrently with residential tonnes, public space recycling containers (if collected on residential routes concurrently with residential tonnes), municipally owned and operated campgrounds only if there are permanent or seasonal households, and the residential components of municipal drop off depots.

Municipal Transition Schedule

Following enactment of the regulation, municipal program transition to EPR is expected to occur over a three-year period between January 1, 2023 and December 31, 2025. To ease the cost increases for producers, approximately one-third of the total Blue Box system (potentially quantified by Blue Box recycling tonnes marketed) will be transferred from municipalities to producers in each year of transition.

A critical component of this PPPP regulation is reference to a schedule of dates on which each municipal BB program will transition to EPR. Having a schedule referenced in the regulation will provide the certainty needed by producers, service providers and municipalities to start planning for transition. The planning period for transition is very short, hence the need to finalize and confirm the transition schedule as soon as possible.

Municipalities across Ontario have worked together to create a schedule and order in which municipalities prefer to transition their blue box programs. Toronto's EPR transition team worked with the Municipal Resource Recovery and Research Collaborative, which is comprised of senior level municipal waste staff from across Ontario with unparalleled knowledge and experience with integrated waste management systems, to develop a transition schedule. The goal was to provide a complete transition schedule to MECP so it can be considered by Ministry staff and inform and be referenced in the draft regulation. Following consultation on the draft regulation, Toronto and M3RC will continue to work together to submit a revised schedule (if necessary) to MECP by year-end to allow for its inclusion in the final regulation. At the time of writing this report, over 150 resolutions have been received by M3RC representing over 95% of Provincial Blue Box Programs, 94% of Ontario

households and 94% of marketed Blue Box tonnes (as per M3RC's position paper submitted to the Ministry on July 29, 2020).

At its meeting on December 17, 2019, City Council adopted item EX11.3 which, among other items, authorized the “General Manager, Solid Waste Management Services and/or designate to continue consulting and negotiating with Provincial Officials to ensure inclusion of the City’s priorities in any new anticipated waste diversion regulations or policy statements that implement the *Resource Recovery and Circular Economy Act, 2016*, and the *Waste Diversion Transition Act, 2016*.”

With this authorization, Toronto is vigorously advocating for the protection of its best interests (financial, environmental and social) in the draft regulation under RRCEA. Toronto’s goals are to ensure: the transition of the Blue Box Recycling Program to EPR is seamless for its residents; service levels are protected and maintained; and the costs of the program are shifted from ratepayers to producers in a timely manner and as early as possible in the transition schedule.

Solid Waste Management Services staff recommend Toronto transition its Blue Box Program on July 1, 2023 (Year One). This date aligns with recycling-related contract end dates and is in Toronto's best interest. Toronto has the financial resources, transition expertise (dedicated staff and consulting team), legal resources, and the wherewithal to ensure municipal interests are aggressively defended in the critical start-up negotiations with producers. Staff want the transition to succeed and will do what is necessary to ensure this is achieved.

It is important to note that although municipalities express interest in transitioning in a certain year, ultimately the Province will determine the final transition schedule. Toronto has strongly advocated, to both Ministry staff and the Minister's staff, for a transition in 2023. Refer to Attachment 4 for a letter to Deputy Minister Imbrogno stating Toronto's preferred transition order.

Benefits to Transition in Year One

Toronto transitioning its Blue Box Recycling Program in Year One has significant benefits, not only for Toronto, but for all municipalities across the province. Committing to a Year One transition schedule as firmly as possible reduces the risk of a delayed regulation, which could happen if a transition schedule (particularly the first year) is not confirmed.

A request from Toronto to the Province to transition in Year One sends a clear message to producers, service providers and the Ministry that the largest and most comprehensive system in the province – representing nearly 20 per cent of all Ontario Blue Box tonnages – is ready and able to ensure a smooth and successful transition. In doing so, Toronto, as the largest municipality with the most comprehensive program, sets the precedent for how all municipal negotiations with producers will be based, rather than relying on other municipalities to achieve our interests. Toronto will fervently guard municipal interests and help pave the way for the municipal programs transitioning in 2024 and 2025.

If Toronto's Blue Box Recycling Program transitions in Year One, and its high service level standards are maintained, producers gain three years of first-hand experience with arguably the most comprehensive system in the Province. If other municipal programs transition first, with lower or different service standards, producer realistic readiness could be impacted.

Transitioning in Year One also removes an element of financial pressure from Toronto's operating budget, given that the province is proposing the inclusion of the majority of sources currently serviced by the City. It is anticipated that Toronto could save an estimated \$15 million per year and these savings have been included in our 10-year rate model/plan. If these savings are not achieved because of a delay in transition, an adjustment will be required to make up the gap.

Wind-up of Stewardship Ontario and the Blue Box Program

Simultaneously as the Ministry works on a draft EPR regulation, Stewardship Ontario, the Industry Funding Organization that provides municipalities with funding under the Blue Box Program Plan, is in the process of winding-up its operations.

In August 2019, the Minister of the Environment, Conservation and Parks issued direction to Stewardship Ontario for the transition of the funding program for blue box materials to a full producer responsibility model. The Minister's direction letter set out requirements for the development of the transition plan including demonstrating meaningful consultation with stakeholders, maintain program performance, outline transition timelines and ensure continuity of funding for municipalities. Stewardship Ontario released their draft wind-up plan and held consultations in June 2019. Staff submitted comments on the wind-up plan (refer to Attachment 5) and following a review of comments received, Stewardship Ontario will present the Transition Plan to the Resource Productivity and Recovery Authority by August 31, 2020. This will ensure that the Resource Productivity and Recovery Authority can hold its own consultation before approving the final plan and submitting it to the Ministry by December 31, 2020.

As part of Stewardship Ontario's wind-up plan, the Continuous Improvement Fund¹ (formally the Effectiveness and Efficiency Fund), which is a partnership between the Association of Municipalities of Ontario, the City of Toronto, Stewardship Ontario and the Resource Productivity and Recovery Authority, will also wind-up as part of the Blue Box Program Plan. Continuous Improvement Fund (CIF) commenced operations on May 1, 2008 under a Memorandum of Agreement signed by the program partners, operating as a committee of Waste Diversion Ontario (now RPRA). The CIF's mandate is to improve the effectiveness and efficiency of Ontario's municipal blue box Programs. This mandate is fulfilled through the provision of funding, technical support and training to aid municipalities and program stakeholders in the identification and development of best practices and technological and market-based solutions that lead to program improvements. CIF used a portion of the annual financial obligation paid by stewards to municipalities to operate. All current projects approved and underway will be completed, with all grants completed no later than December 31, 2021. A portion of

¹ <https://thecif.ca/about-cif/>

the remaining funds will be used to assist municipalities to prepare for the new RRCEA Model until December 31, 2023 with final wind-up of all operations by June 30, 2024.

Maintaining the Current Blue Box Program and Impact of Toronto's Steward Obligation/Datacall

Part of the Minister's direction was to maintain program performance and to ensure Ontarians' access to the Blue Box program is not negatively impacted by the transition. As the City prepares to transition to EPR and continues to monitor program performance of the Blue Box recycling program and balancing it with costs associated with increased levels of contamination, the Division will maintain the current service levels and will not make any programmatic changes (as in addition or removal of Blue Box materials) until the transition of Toronto's BB program to full EPR is completed. However, during this transitory period in the waste industry, market influences including changes in the recycling commodity markets, collection and processing costs, may fluctuate and impact the City's overall cost to manage the Blue Box Recycling Program.

While the transition schedule for individual municipalities is not yet known, it will be a multi-year process with Stewardship Ontario maintaining its operations until all municipalities transition to EPR. After the last group of municipalities transitions in 2025, Stewardship Ontario will dissolve as a corporate entity in 2026. Until then, Stewardship Ontario will continue to provide compensation in accordance with the Blue Box Program Plan until the day that Toronto transitions. Payment for the final year (if less than a full year) will be pro-rated based on the number of days on the program. In Toronto's case of its ideal transition date of July 1, 2023, the City will be paid for 181 days out of 365 or 49.6% of the costs included in the 2023 Steward Obligation, and final cost data will be uploaded to the Datacall as is currently the practice.

Considerations for a Future Common Collection System

In anticipation of the future common collection system beginning on January 1, 2026, after all municipalities have transitioned their Blue Box programs to producers, Solid Waste Management Services will continue planning for potential changes to the City's integrated waste management system. Staff are considering potential impacts to the system and opportunities for enhancing the delivery of waste management services, including contracts and service delivery models.

Next Steps

Following the release of the draft regulation in summer 2020, staff will prepare an Action Staff Report for consideration by the Infrastructure and Environment Committee and City Council in fall 2020. The Report will include a summary of the draft regulation and Toronto's initial comments as well as an analysis of potential future scenarios, their impacts and recommendations.

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SIGNATURE

Matt Keliher
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ATTACHMENTS

Attachment 1 - Recycling Advisor David Lindsay's Final Report

Attachment 2 - Minister's Policy Direction Letter to Stewardship Ontario

Attachment 3 - City of Toronto Recommendations to Inform Extended Producer Responsibility Regulation for Blue Box Materials

Attachment 4 - Letter to Deputy Minister Imbrogno on Toronto's Preferred Transition Date

Attachment 5 - Toronto's Comments on Stewardship Ontario Wind-up Plan