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SENT VIA EMAIL: consultation@stewardshipontario.ca

Ms. Gemma Zecchini, Executive Director
Stewardship Ontario
1 St. Clair Avenue West, 7th Floor
Toronto ON M4V 1K6

Dear Ms. Zecchini:

Re: Comments and Feedback on Stewardship Ontario's Blue Box Program Transition Plan

The City of Toronto (the City) is pleased to have the opportunity to participate in Stewardship Ontario's (SO) consultation on the Blue Box Transition Plan. The City appreciates the work being undertaken to ensure there will be no delay in the transition timelines as set out in the Minister of the Environment, Conservation and Parks' direction letter dated August 15, 2019 (the "Transition Letter").

The City offers the following comments on the transition plan for SO's consideration.

1. Oppose proposed Four-Step Fee Methodology during transition

The proposed plan is to enable a smooth transition from the current shared responsibility model for blue box waste diversion to the extended producer responsibility model. As such, the Transition Letter directed SO to come up with a plan that moves from one model to the other. It was not an invitation to enact significant amendments to current Blue Box Program Plan.

As such, the City strongly opposes SO's proposal to implement a new fee setting methodology during the wind-up of the Blue Box Program and questions the merit and timing of the change. Such a change directly impacts the amount of cash payments to municipalities through substantial changes to the amount allocated to in-kind lineage without sufficient rationale and documentation of the change from the previous to current proposed model to be followed in the wind-up plan.

Such a substantial change adds unnecessary complication during a transition period where the industry is undergoing changes and municipalities are preparing to transition their programs.

Furthermore, it is clear that such a methodology was the product of significant work by Canadian Stewardship Services Alliance (CSSA). The addendum to the Transition Letter required SO to ensure that there would be no real, potential or apparent conflict of interest in respect to SO's relationship with CSSA. SO has assured stakeholders that it understands those concerns. The City supports SO's commitment to ensuring there is no real, potential or apparent conflict of interest. However, by trying to implement a new steward fee setting methodology in the wind-up plan that is based almost exclusively on a project undertaken by CSSA (the Material Cost Differentiation Model¹), the City is concerned about the valid perception that CSSA and SO are not necessarily operating at arms length.

Thus, the City does not agree with introducing a new fee setting methodology at this time nor does it accept that SO may do so in the wind-up plan.

2. Allowance for flexibility to maintain program performance

For Toronto, maintaining program performance means the continuation of service levels and standards that our residents have come to expect from the program are maintained during a potentially uncertain period when the Blue Box Program winds-up and programs transition to the *Resource Recovery and Circular Economy Act*, which the City intends to uphold. However, during this transitory period, allowance for flexibility must be given to municipalities to maintain program performance while managing potential system fluctuations, some of which are outside of municipal control such as declining marketability of materials or industry market conditions that may impact program costs. For example, the City will continue to manage glass, plastic film and expanded polystyrene to maintain Toronto residents' experience with their Blue Bin recycling program, despite market challenges and increasing costs due to international restrictions on acceptable levels of contamination. These international restrictions have resulted in demand for higher quality recyclables and less revenue from the sale of recyclables.

3. Support Continuation of Specific and Targeted Promotion and Education Initiatives

Maintaining program performance also requires ongoing promotion and education to foster participation in the Blue Box Program and help reduce contamination. As such the City supports SO's proposal to maintain promotion and education during transition to further complement municipal promotion and education efforts.

¹ Steward Consultation Committee, Canadian Stewardship Services Alliance, A Proposed Material Cost Differentiation Methodology Consultation Document, June 25, 2020, <https://www.cssalliance.ca/wp-content/uploads/2020/06/MCD-Preread-for-Stakeholder-Consultation.pdf>

4. Continue Market Development Initiatives on Behalf of Producers

The City does not agree that it makes sense to end market development efforts during the wind-up period. Marketing materials such as mixed broken glass, expanded polystyrene, and plastic film will continue to be a challenge, and will be a burden to municipalities potentially until the end of 2025, which is still four to five years away. Ending market development efforts would blindly ignore technology advancement opportunities for the management and processing of materials, which seems short-sighted. For the benefit of the whole industry, the City feels there is still merit in continuing work on market development throughout transition as any new processes may have the potential of reducing overall system costs in the longer term.

5. Support the Continuous Improvement Fund's (CIF) Wind-Up Plan and transition of intellectual assets

The City finds CIF's proposed wind-up plan reasonable. The City supports the transition and continued access to the intellectual assets (for example completed project reports, program and training materials) that the CIF has accumulated over the course of its operation. The research projects, studies and training materials have been of great value to municipalities and are municipally funded studies which have learning and capacity building tools that will continue to be needed during transition. These materials should be made accessible to all Ontarians for future reference.

6. Proposed Transition Process and Payment to Municipalities

On slide 94 of SO's June 16 and 17, 2020 consultation slide deck², an example is included which demonstrates how payments are calculated for a Municipality/First Nations Community transitioning May 15, 2024. The example indicates that the payment amount is calculated using Datacall costs from two years prior; however, the payment is for the actual year it is issued.

The City of Toronto asks that SO and Resource Productivity and Recovery Authority provide documentation and rationale on this approach that uses data from two years prior to calculate the payment?

² Stewardship Ontario, Consultation on the Blue Box Program Transition Plan, June 16&17, 2020, <https://stewardshipontario.ca/wp-content/uploads/2020/06/BB-Transition-plan-consultation-presentation-FINAL.pdf>

The City appreciates the opportunity to participate in the consultation process and offer comments on SO's Blue Box Transition Plan. Should you have any questions regarding our comments, please contact me by e-mail at Annette.Synowiec@toronto.ca or by calling 416-392-9095.

Yours truly,



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AS/rd

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