



Kiran Saini
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June 8, 2020

Sent via email to: regional.clerk@york.ca

Attn: Chris Raynor, Regional Clerk

RE: Preferred Timing for Blue Box Transition to Full Producer Responsibility

I am writing to advise you that at the Special Electronic Council meeting held on May 19, 2020. Council adopted the following recommendations regarding the above referenced matter:

1. That the report titled "Preferred Timing for Blue Box Transition to Full Producer Responsibility" dated May 19, 2020 be received; and,
2. That as requested by the Association of Municipalities of Ontario (AMO), that Council confirm that the preferred date to transition to full producer responsibility for collection of Blue Box material is December 31, 2025, coinciding with the end of the current Northern Six (N6) waste collection contract; and,
3. That the Town of Newmarket, in cooperation with the Northern Six (N6) municipalities, be willing to provide Blue Box collection services on behalf of producers, through future long-term collection contracts, subject to mutually agreeable financial and operational terms; and,
4. That the resolution be forwarded to the Association of Municipalities of Ontario and to Jeff Yurek, Minister of the Environment, Conservation and Parks, Christine Elliott, MPP for Newmarket-Aurora, and to the Regional Municipality of York Region.

The above referenced staff report is attached to this letter.

Yours sincerely,

Kiran Saini
Deputy Town Clerk

KS:aw

Encl. Staff Report - Preferred Timing for Blue Box Transition to Full Producer Responsibility



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Preferred Timing for Blue Box Transition to Full Producer Responsibility Staff Report to Council

Report Number: 2020-31

Department(s): Public Works Services

Author(s): Amanda Romano, Waste Program Administrator

Meeting Date: May 19, 2020

Recommendations

1. That the report titled “Preferred Timing for Blue Box Transition to Full Producer Responsibility” dated May 19, 2020 be received; and,
2. That as requested by the Association of Municipalities of Ontario (AMO), that Council confirm that the preferred date to transition to full producer responsibility for collection of Blue Box material is December 31, 2025, coinciding with the end of the current Northern Six (N6) waste collection contract; and,
3. That the Town of Newmarket, in cooperation with the Northern Six (N6) municipalities, be willing to provide Blue Box collection services on behalf of producers, through future long-term collection contracts, subject to mutually agreeable financial and operational terms; and,
4. That the resolution be forwarded to the Association of Municipalities of Ontario and to Jeff Yurek, Minister of the Environment, Conservation and Parks, Christine Elliott, MPP for Newmarket-Aurora, and to the Regional Municipality of York Region.

Purpose

The purpose of this report is to provide a staff recommendation to Council on the preferred non-binding timing for the transition of the Blue Box program to full producer responsibility and to indicate the Town’s interest in remaining as a collection service provider for Blue Box material as requested by the Association of Municipalities of Ontario (AMO).

Similar reports are being provided to each Northern Six (N6) Council with respective resolutions being forwarded to York Region which will consolidate local municipal resolutions for Regional Council consideration prior to response to AMO before June 30, 2020.

Background

On August 15, 2019, the Minister of the Environment, Conservation and Parks issued direction letters to the Resource Productivity and Recovery Authority (RPRA) and Stewardship Ontario (SO) to begin to transition the management of Ontario's Blue Box program to producers of paper products and packaging (see Attachment #1).

It is proposed that all of Ontario's Blue Box programs be transitioned to full producer responsibility over a three-year period, starting January 1, 2023 and ending December 31, 2025. After this three-year period, producers will be fully responsible for Blue Box services (collection and processing) province-wide.

Currently, there are many program uncertainties including: an absence of a framework to transfer service responsibilities; establishment of province-wide service levels; and producer and municipal expectations. An Information Report dated February 3, 2020 was prepared to brief members of Council and the community on the this matter, titled "Blue Box Transition to Full Producer Responsibility" and can be found through the link: <https://www.newmarket.ca/TownGovernment/Documents/INFO-2020-05.pdf>

To assist in guiding further consultations with the Province, AMO has requested that municipal Councils provide resolutions from each municipality by June 30, 2020, outlining their non-binding preferences for:

1. Preferred year of transition to full producer responsibility (i.e. 2023, 2024, or 2025).
2. Interest in continuing to be a Blue Box material service provider to producers.
3. Rationale for the selected transition date.

Discussion

In August 2019, the Province of Ontario, through the Made-in-Ontario Environment Plan, committed to moving Ontario's existing waste diversion programs to a full producer responsibility model.

At this time, AMO has requested each municipality provide a non-binding transition date preference in order to gauge the overall picture as the Provincial Blue Box program moves towards full producer responsibility. This wide-reaching initiative is extremely complex and has significant uncertainties which will impact each municipality. Staff continue to be closely involved and are monitoring the development of this transition with a focus on cost reduction, service level maintenance/improvements, and convenience to our residents.

It is possible that a transition to full producer responsibility could have significant changes to the existing Blue Box program; however, details of such changes are not known at this time. The current waste collection contract between Green for Life Environmental Inc. (GFL) and the Northern Six municipalities (the Towns of Aurora, East Gwillimbury, Georgina, Newmarket, Whitchurch-Stouffville and the Township of King) expires on December 31, 2025, which coincides well with the latest possible transition date. Transitioning at the end of the current waste collection contract also avoids the need to negotiate with our current contractor and avoids potential contract penalties. It also provides additional time to adequately communicate changes to residents and undertake educational initiatives for better clarity in the community.

Preparation of the post-2025 waste collection contract RFP will likely begin mid-2024, as such, staff will be able to incorporate knowledge learned from early transitioned municipalities into the post-2025 waste collection contract.

While there are theoretical increases in funding to municipalities following transition to full producer responsibility from approximately 50% to 100%, the actual financial benefit is difficult to quantify. The Town of Newmarket has been receiving less than 50 percent of the costs associated with operating the Town's Blue Box program. Likewise, post transition, staff do not expect full funding to be realized.

Under the proposed program, businesses and BIA's (Business Improvement Areas) would fall under the IC&I (Industrial, Commercial and Institutional) category, which is covered under a different regulatory framework at this time, and are excluded as eligible sources for recycling collection and processing. Since the Town provides an enhanced level of waste collection services for downtown Main Street, there will be an impact to recycling collection services for this area.

Conclusion

In response to a request from AMO, staff recommend that the preferred non-binding year for transition of the Blue Box program to full producer responsibility be December 31, 2025, which coincides with the end of the current waste collection contract with GFL. Although transitioning at the end of the third transition year will forego some financial opportunities, it does provide more time to better understand and adapt to changes under a producer-led program, incorporate those changes into the post-2025 waste collection contract, and avoids potential costs of negotiating the current waste collection contract.

Staff will continue to participate in consultations on transition plans and work collaboratively with the N6, York Region, and other municipal partners throughout the evolution of Ontario's Blue Box transition to full producer responsibility. As further details on this initiative become available, staff will report back to Council.

Business Plan and Strategic Plan Linkages

This report aligns with Council's Strategic Priority regarding environmental stewardship through leading proactive planning and action related to climate change and other environmental initiatives.

Consultation

Currently, AMO is only seeking non-binding Blue Box transition year preferences from municipalities and many details remain uncertain as the Province progresses towards full producer responsibility. Once specifics are clarified, public consultation will be an important component of Councils' future Blue Box transition position.

Human Resource Considerations

Not applicable to this report.

Budget Impact

Under current legislation, producers of printed paper and packaging are responsible for 50 percent of the net costs of operating Ontario's Blue Box program. However, the process for determining actual net costs and producer obligation has been inconsistent and often results in municipalities receiving less than the full 50 percent.

Table 1 below identifies the Town's net Blue Box program costs and resulting producer funding received for the last five years:

Program Year	Blue Box Program Actual Net Costs	Blue Box Program Funding Received per Municipal Funding Allocation Model (RPRA Funding)	Percentage of Actual Net Costs Received through RPRA Funding
2019	\$951,363	\$368,163	39%
2018	\$914,772	\$332,533	36%
2017	\$959,025	\$341,660	36%
2016	\$872,088	\$383,930	44%
2015	\$900,340	\$384,491	43%

Table 1 – Blue Box Program Funding

Historically, the Town's Blue Box program accounts for 30-35% of the Town's overall solid waste budget. By transitioning early, there is a potential for some additional financial benefit. However, it is difficult to determine the exact amount as there may be collection impacts elsewhere with unknown cost implications (e.g., levied contamination penalties, uncertain collection requirements, or impacts to organics and garbage collection efficiencies).

Changes to the responsibilities of delivering Blue Box collection services will have an impact on future operating and capital budgets. Any associated costs as a result of changes including early termination to the existing contract remain unknown.

Attachments

Attachment #1 – Wind-up Direction Letters

Approval

Amanda Romano, Waste Program Administrator, Public Works Services

Mark Agnoletto, Acting Director, Public Works Services

Peter Noehammer, Commissioner, Development & Infrastructure Services

Contact

For more information on this report, contact Mark Agnoletto, Acting Director, Public Works Services, at 905-953-5300, ext. 2581 or by email at magnoletto@newmarket.ca.

Ministry of the Environment,
Conservation and Parks

Office of the Minister

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Ministère de l'Environnement,
de la Protection de la nature et des
Parcs

Bureau du ministre

777, rue Bay, 5^e étage
Toronto (Ontario) M7A 1N3
Tél. : 416.314.6790



August 15, 2019

Mr. John Coyne
Chair
Stewardship Ontario
1 St Clair Ave. West, 7th Floor
Toronto, ON M4V 1K6

Dear Mr. Coyne:

The Blue Box program has been providing Ontarians with a convenient option for collecting and recycling printed paper and packaging for many years. In recent years, it has become apparent that the growing challenges in delivering and funding the program must be addressed. After hearing from many interested parties, I believe the time has come to modernize and improve Ontario's Blue Box services by transitioning from the existing program that provides industry funding to reimburse a portion of municipalities' costs to a full producer responsibility model where industry will be responsible for both funding and operations. The transition to producer responsibility will ensure Ontarians' experience and access to existing Blue Box services will not be negatively impacted and that there are province-wide services available, including for Northern, rural and Indigenous communities.

As a necessary complementary step to transitioning to a producer responsibility model, pursuant to Section 14 of the Waste Diversion Transition Act, 2016 (WDTA) I am directing Stewardship Ontario (SO), to develop a plan in respect of the funding program for blue box materials under the WDTA (the SO Program) and for SO itself. SO must submit the plan to the Resource Productivity and Recovery Authority (the Authority) for approval no later than June 30, 2020.

This direction will begin the process by which Ontario will implement a modern, producer-operated system that will provide consistent province-wide recovery of Blue Box materials under the Resource Recovery and Circular Economy Act, 2016, and ensure there is no disruption to Blue Box services.

The development of the plan must be conducted in accordance with this direction as well as the provisions of the WDTA and its regulations, including O. Reg. 357/17.

I am directing that the plan describe a mechanism for determining the steward fees necessary to provide for payments to municipalities and First Nation communities until the time they transfer responsibility for providing Blue Box services to producers. The plan will establish criteria for a three year period in which municipalities and First Nation communities will no longer be eligible to receive funding under the SO Program, starting on January 1, 2023 and ending on December 31, 2025, which is the date that SO Program will end and the new producer responsibility framework will be fully implemented.

It is in the public interest that the plan is consistent with the following principles:

Demonstrate transparent communications and meaningful consultation

- Parties affected by the transition should be consulted and have opportunities for meaningful engagement during the development and implementation of the plan.
- The public, Indigenous peoples and affected stakeholders, including stewards, municipalities and service providers (e.g. collectors, haulers, processors, recycled product manufacturers) will receive transparent and clear communications from SO on a regular basis during development and implementation of the plan.

Support competition and prevent conflict of interest

- The plan shall support competition in, and not adversely affect, Ontario's current and future marketplace for the collection and recovery of paper products and packaging. The plan shall not provide for unfair or preferential treatment of the public or any affected parties, or barrier to competition during or following the transition of the program.
- SO shall take all necessary steps to ensure there is no real, potential or apparent conflict of interest when developing and implementing the plan.
- SO's sharing of data and information to parties other than the Resource Productivity and Recovery Authority (the Authority) must be done through a fair, open and transparent process that does not result in preferential treatment of one person or group over another or release of any confidential information.

Demonstrate Fairness to Stewards and Protect Consumers

- The assets, liabilities, rights and obligations of SO related to the SO Program must be dealt with in a fair, open and transparent process in accordance with applicable law.
- All monies held in trust by SO related to the SO Program shall be treated appropriately in accordance with the WDTA and its regulations.

Maintain Program Performance

- There shall be no disruption in payments made by SO to a municipality or First Nation community under the SO Program until the time when that municipality or

First Nation community is no longer eligible to receive funding based on criteria established in the plan.

- Ontarians' access to and experience with the Blue Box program shall not be negatively impacted. It is my expectation that, while allowing for natural growth of Blue Box services to new residential development or redevelopment, municipalities and First Nation communities shall not reduce or expand existing levels of Blue Box services that are eligible for funding under the SO Program.

An addendum to this letter provides specific direction related to the details that SO must include in its plan for the SO Program and for SO.

The implementation of the plan shall begin on the date on which the Authority approves the plan. It is my expectation that the Authority will approve the plan no later than December 31, 2020.

It is expected that SO will engage and work cooperatively with the Authority in implementing any policy direction issued to the Authority pursuant to Section 29 of the *Resource Recovery and Circular Economy Act, 2016* (RRCEA). This includes ensuring that real, potential or apparent conflict of interest concerns have been addressed prior to and during the development of the plan.

If it is in the public interest to do so, I will provide further direction or clarification at a later date related to the matters set out in this direction.

Lastly, SO shall make publicly available on SO's website this direction letter, as well as the complementary policy direction letter issued to the Authority.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Yurek', with a stylized, flowing script.

Jeff Yurek
Minister

c: Mr. Serge Imbrogno, Deputy Minister, Ministry of the Environment, Conservation and Parks
Ms. Glenda Gies, Chair, Resource Productivity and Recovery Authority

Addendum to the Minister's Direction Letter for the Blue Box Waste Diversion Program and Stewardship Ontario

Stewardship Ontario (SO) is directed to develop a plan for the funding program for blue box materials (the SO Program) under the Waste Diversion Transition Act, 2016 (WDTA) and for SO itself that includes the following:

- A description of the designated wastes that are covered in the Blue Box program.
- A description of how the SO Program will be operated while the plan is being implemented, acknowledging the following:
 - The funding for municipalities and First Nation communities to participate in the SO Program shall end over a three-year period between January 1, 2023 and December 31, 2025.
 - SO's role in transferring payments to a municipality or First Nation community under the SO Program shall end on the date that obligated producers have assumed full responsibility for the collection and management of blue box materials from that municipality or First Nations community.
 - The plan shall recognize, and be responsive to, the fact that a future regulation under the *Resource Recovery and Circular Economy Act, 2016* will set the criteria and process by which municipalities and First Nation communities will transfer to full producer responsibility.
 - The calculation of the funds due to be paid to each municipality and First Nation community under the SO Program shall be proportional to the number of months in a calendar year in which the municipality or First Nation community remains under the SO Program.
 - The Continuous Improvement Fund shall receive no additional contributions and shall end as soon as practical prior to December 31, 2025.
- A proposed timeline according to which key aspects of the plan will be implemented.
- A description of and a proposal for dealing with the assets, liabilities, rights and obligations of SO in relation to the SO Program including:
 - All monies held in trust by SO related to the SO Program pursuant to Section 35 of the WDTA.
 - An approach that outlines how SO will deal with any information technology systems related to the SO Program to ensure fair and equitable access to all users, as an alternative to disposing of these assets for fair market value.
 - Any other assets of SO related to the SO Program, including, and without limitation, any intellectual property, physical assets or real property.

- Any liabilities incurred by SO during the development and implementation of the SO Program and anticipated to be incurred during the development and implementation of the plan.
 - A detailed account of anticipated costs arising from the plan, and a detailed account of how SO will finance these costs.
 - A detailed account of how SO proposes to equitably apportion its assets, liabilities, rights and obligations among stewards of Blue Box materials.
 - The plan shall set out a proposal to deal with any residual funds after the SO Program has ended and SO has finished its final financial reconciliations for the program and organization.
- A description of all data and information that is within SO's custody or control and that is related to the operation of the SO Program since the Minister's program request letter of September 23, 2002, and a proposal for transferring all data and information to the Resource Productivity and Recovery Authority (the Authority), including:
 - The process for transferring all the data and information to the Authority within any timeframes specified by the Authority.
 - The data and information that is to be transferred to the Authority, including, but not limited to:
 - A list of all registered stewards, including their business addresses and contact information; the nature of each steward's designation under the WDTA (e.g. whether designated because the steward is a brand holder, a first importer, or other person); the type and amount of Blue Box materials supplied by the steward into the Ontario marketplace; and,
 - Other additional data and information requested by the Authority.
 - Data and information related to the SO Program that is in SO's custody or control shall not be for sale.
- A proposal for identifying confidential or personal data and information and indicating how such data and information will be supplied in confidence when transferring it to the Authority, which will assist the Authority in determining its treatment of such data and information based on applicable law and policies.
- Demonstration and documentation that any party currently having access to SO data and information only retain data that is equivalent to the information that will be shared through a fair, open and transparent process
- The procedures that SO is putting in place to ensure there is no real, potential or apparent conflict of interest in respect of the plan's development, contents or implementation. Without limiting the scope of these procedures, the plan should address:
 - Any real, potential or apparent conflict of interest in respect to SO's relationship with the Canadian Stewardship Services Alliance (CSSA)

- Any necessary steps to ensure that the CSSA does not receive preferential treatment over other potential market participants in respect of Blue Box resource recovery markets that may be created under the RRCEA.
- A description of changes to the SO Program that are anticipated to be necessary to implement the plan.

I am further directing that the plan include the following:

- A detailed report of SO's communications with affected parties and the public during the development of the plan.
- A detailed proposal for a communications plan for all affected parties and the public during the implementation of the plan, if approved, including:
 - The process by which SO will provide information to the affected parties and the public on a regular basis.
 - A description of the key steps that will be taken related to the plan and show how affected parties and the public will be affected by the transition.
- A detailed report of how SO has met the consultation requirements of subsection 14(13) of the WDTA during the development of the plan, including:
 - A list of the stewards, municipalities, Indigenous peoples, service providers and other affected parties that were consulted during the development of the plan.
 - A summary of comments received by SO from affected parties.
 - A report of how the comments were considered by SO in the development of the plan.

Ministry of the Environment,
Conservation and Parks

Office of the Minister

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Ministère de l'Environnement,
de la Protection de la nature et des
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Bureau du ministre

777, rue Bay, 5^e étage
Toronto (Ontario) M7A 1N3
Tél. : 416.314.6790



August 15, 2019

Ms. Glenda Gies
Chair
Resource Productivity and Recovery Authority
4711 Yonge Street, Suite 408
Toronto, ON M2N 6K8

Dear Ms. Gies:

The Blue Box program has been providing Ontarians with a convenient option for collecting and recycling paper products and packaging for many years. In recent years, it has become apparent that the growing challenges in delivering and funding the program must be addressed. After hearing from many interested parties, I believe the time has come to modernize and improve Ontario's Blue Box services by transitioning from the existing program that provides industry funding to reimburse a portion of municipalities' costs to a full producer responsibility model where industry will have control of both funding and operations. The transition to producer responsibility will ensure Ontarians' experience and access to existing Blue Box services will not be negatively impacted and that there are province-wide services available, including for Northern, rural and Indigenous communities.

As a necessary complementary step to transitioning to a producer responsibility model, I have issued direction to Stewardship Ontario (SO), pursuant to Section 14 of the Waste Diversion Transition Act, 2016 (WDTA), to develop a plan in respect of the funding program for blue box materials under the WDTA (the SO Program) and for SO itself.

This direction will begin the process by which Ontario will implement a modern, producer-operated system that will provide consistent province-wide recovery of Blue Box materials under the Resource Recovery and Circular Economy Act, 2016 (RRCEA), and ensure there is no disruption to Blue Box services.

Pursuant to Section 29 of the RRCEA, I am issuing policy direction to the Resource Productivity and Recovery Authority (the Authority) with respect to its duties relating to the SO Program under the WDTA.

This policy direction is complementary to my direction letter dated August 15, 2019 to SO issued pursuant to Section 14 of the WDTA to develop a plan in respect of the SO Program and SO.

I am directing the Authority, further to its duties under the WDTA related to its oversight of the SO Program and SO; determine the amount of money required by SO to carry out its responsibilities related to the SO Program under the WDTA; and monitor the effectiveness of SO while the plan is being implemented. To undertake these duties, the Authority should conduct the following activities.

- Ensure that real, potential or apparent conflict of interest concerns have been addressed prior to and during the development of the plan.
- Review the 2020-2025 program budgets for the SO Program jointly with SO to:
 - Develop an approach to ensure sufficient funds are available in relation to the plan.
 - Review SO's proposal to apportion assets, liabilities, rights and obligations among stewards of paper products and packaging and ensure the apportionment is fair and equitable.
- Administer the Datacall, calculate the annual steward obligation, and allocate steward funding to municipalities and First Nation communities including through the administration of the Continuous Improvement Fund in such a way that reflects the following expectations and conditions:
 - While allowing for natural growth of Blue Box services to new residential development or redevelopment, municipalities shall not reduce or expand existing level of Blue Box services that are eligible for funding under the program.
 - The funding for municipalities and First Nation communities to participate in the SO Program shall end over a three-year period between January 1, 2023 and December 31, 2025.
 - SO's role in transferring payments to a municipality or First Nation community under the SO Program shall end on the date that obligated producers have assumed full responsibility for the collection and management of blue box materials from that municipality or First Nation community.
 - The plan shall recognize, and be responsive to, the fact that a future regulation under the RRCEA shall set the criteria and process by which municipalities and First Nation communities will transfer to full producer responsibility.
 - The calculation of the funds due to be paid to each municipality and First Nation community under the SO Program shall be proportional to the number of months in a calendar year in which the municipality or First Nation community remains under the SO Program.
 - The Continuous Improvement Fund shall receive no additional contributions and shall end as soon as practical prior to December 31, 2025.

To facilitate such activities, it is expected that the Authority will obtain quarterly reports from SO within four weeks of the end of each remaining quarter in 2019-2025 regarding SO's revenues and expenditures in order for the Authority to oversee SO's development of the plan and, if approved by the Authority, the implementation of the plan.

When reviewing the plan, the Authority shall assess whether it is consistent with the direction letter issued to SO and its compliance with the WDTA and its regulations.

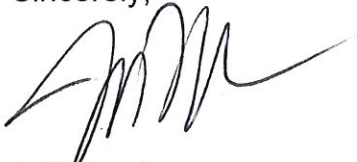
I also expect that the Authority will consult with representatives of municipalities, Indigenous peoples, stewards and other affected parties when assessing SO's proposed plan, as required by subsection 14(14) of the WDTA.

It is my expectation that the Authority shall approve the plan for the SO Program and SO no later than December 31, 2020.

I trust the Authority will engage with SO on an ongoing basis to ensure management of SO's affairs in accordance with the WDTA and its regulations, having regard to the plan for the SO Program and SO.

Lastly, the Authority shall make publicly available on the Authority's website my direction letter to SO as well as this policy direction letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Yurek', with a stylized, flowing script.

Jeff Yurek
Minister

c: Mr. Serge Imbrogno, Deputy Minister, Ministry of the Environment, Conservation and Parks
Mr. John Coyne, Chair, Stewardship Ontario