

Waste Reduction Strategy



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The Government of Ontario

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Waste Reduction Strategy

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Executive Summary

We want an Ontario where waste becomes worth – in the form of jobs, new products and a cleaner environment.

That future is possible and we have a plan to help get us there.

Ontario has come a long way in managing waste. Residents have made the Blue Box an international success story, lauded by the United Nations. Residents are taking advantage of programs to divert even more, through collection of organic waste, used tires, old electronics and hazardous household wastes like paint.

And yet, we are still lagging behind other jurisdictions when it comes to reducing, reusing and recycling our waste.

We have a great environmental and economic opportunity to build on the progress we have made and use it to transform waste diversion in Ontario.

But first we need to recognize and fix a number of barriers to achieving our goals. Some of these barriers include:

1. Waste diversion under the current Waste Diversion Act has stalled

Ontario is lagging behind other jurisdictions in Canada and around the world when it comes to recycling our waste. We generate about 12 million tonnes of waste a year but divert only 25% from landfill.

The recycling rate for the industrial, commercial and institutional sectors – think factories, shopping malls, universities – is only 13%.

2. Lost opportunities to attract investment, create new jobs, foster innovation and conserve resources

Recycling materials uses less energy, produces fewer greenhouse gas emissions and has fewer environmental impacts than extracting raw materials.

Businesses, municipalities and the waste management sector have told us that recycled materials have tremendous value and potential to create investment opportunities and new jobs, but we're burying those opportunities in landfills.

3. The dwindling capacity of our municipal landfills

It's hard to find a home for landfills due to concerns around potential environmental impacts.

New landfills can take a decade or more to build, and they need costly, life-long management. When wastes are diverted to recycling, the life of landfills is extended.

4. Municipalities face rising costs for diversion programs

Municipal taxpayers are paying half the costs for the Blue Box program, and municipalities face additional financial strain from efforts to safely dispose of hazardous household wastes and manage existing landfill space.

Ontario's New Approach to Recycling

This Waste Reduction Strategy and the proposed Waste Reduction Act sets out the province's road map for overcoming these challenges, and harnessing the environmental and economic value of waste.

This strategy describes Ontario's vision, sets desired results and provides a blueprint for how we can get there through concrete actions, including the implementation of the proposed Waste Reduction Act.

The new proposed Waste Reduction Act, if passed, would:

- Make individual producers responsible for the end-of-life management of their products and packaging.
- Kick-start waste diversion to recycling in the industrial, commercial and institutional sector by designating wastes for diversion, beginning with designating paper and packaging supplied to the sector.
- Recognize the important role that municipalities – and property taxpayers – play in recycling waste by lifting the producer funding cap on the Blue Box program so that over time, producers pay more than 50%.
- Protect consumers from surprise eco-fees by requiring recycling costs to be included in the advertised, displayed and shelf prices of products.
- Transform Waste Diversion Ontario into the Waste Reduction Authority, with robust compliance, oversight and enforcement responsibilities. The Authority would also be responsible for ensuring a timely transition of existing diversion programs in a way that is easy and convenient for residents.

The proposed act draws on significant stakeholder consultations, as well as the individual producer responsibility approach, an approach that has been successful elsewhere.

We have an opportunity to create a new legacy that will help lead to a cleaner environment while fostering innovation, creating jobs and strengthening our economy.

Let's seize that opportunity together.

The success of our strategy depends on a collective vision and effort to harness the value of waste to create new opportunities, investments and jobs.

We are on this journey together, so we want your thoughts on our proposed approach.

What are some of the other waste materials we should designate for recycling, especially in the industrial, commercial and institutional sector?

What is the best way to transition existing recycling programs building on current success?

How can we increase collection of organic waste?

These are just some of the questions put forward in this strategy to help continue the conversation.

We look forward to your feedback, and to taking the next steps towards converting waste to worth in Ontario.

Why transformation is needed

There are many reasons to transform recycling in Ontario.

We know that the management of waste is complex and is constantly evolving. The products and packaging we have today are not the same as those we have dealt with in the past.

We need to work together to come up with new and innovative solutions to manage these complexities. We can all agree that we want to keep waste out of landfills for environmental reasons, but also because these materials have tremendous value and potential to generate new investment, new factories, new jobs, and new Ontario-made products.

We do not want to truck these opportunities to a landfill – we need to kick start our recycling efforts.

Recycling creates new jobs, fosters innovation, conserves resources and reduces environmental impacts

The province recognizes that there are significant economic, environmental and innovative opportunities to increasing recycling. In particular:

- 7 jobs are created for every 1,000 tonnes of waste recycled.¹
- Recycling creates 10 times more jobs than disposal.²
- The market value of wastes that are currently landfilled in Canada is estimated at over \$1 billion annually.³
- The waste management sector currently contributes annually over \$3 billion to GDP and \$300 million in capital expenditures in Ontario.⁴

Did you know that...

- General Motors of Canada has a 100 per cent diversion rate at its St. Catharines Glendale powertrain plant. The diversion rate for the company's Oshawa Vehicle Assembly Plant is 95 per cent.
- Exhibition Place, Toronto's largest entertainment venue with more than 5.2 million visitors a year, diverts at least 79 per cent of its waste.
- Teknion, a Toronto office systems and furniture products manufacturer, has increased its waste diversion rate from 40 per cent to 88 per cent.

- Recycling uses less energy, produces fewer greenhouse gas (GHG) emissions (e.g. in 2007 our diversion programs avoided an estimated 2.2 million tonnes of GHG emissions globally) and has less environmental impact than the extraction of raw materials.⁵

Companies investing in recycling in Ontario:

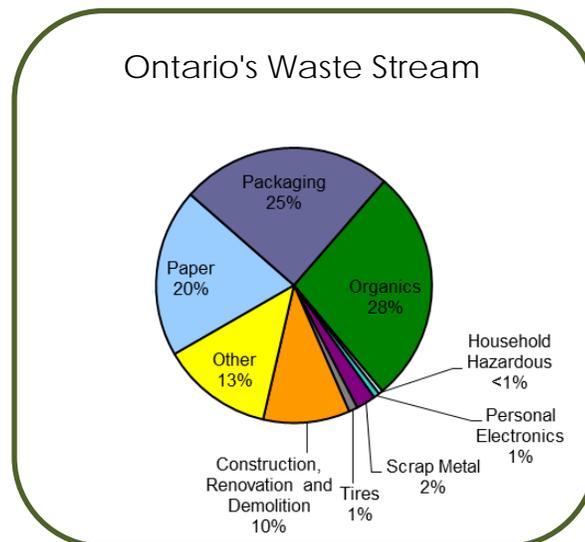
- Canada Fibers is constructing a new materials recovery facility in North Toronto that will process 300,000 tonnes per year and create 100 jobs when it is complete.
- Waste Management of Canada opened a new recycling plant in Cambridge to process 550,000 tonnes per year. They created 80 full-time jobs.

Progress on recycling is stalled

Ontarians generate about 12 million tonnes of waste every year. However, Ontario's overall recycling rate has hovered around 25% for the past decade.⁶ This is because diversion of many wastes is more expensive than sending it to landfill within the province or beyond our borders. Once a leader in diversion, compared to other provinces Ontario's current diversion rate puts us in the middle of the pack.

Did you know that 12 million tonnes of waste would fit in the Rogers Centre nearly 16 times?

We have made good progress increasing recycling in the residential sector – about 46% of our residential waste is diverted from landfill.⁷ This is mainly the result of municipal activity, including the residential Blue Box program, municipal hazardous or special waste recycling initiatives and programs to divert household organics (“Green Bin”). Diversion programs for used tires and waste electronics have also helped increase recycling efforts.



Need action on waste in Industrial, Commercial and Institutional Sector

The non-residential sector generates almost 60% of our waste yet overall recycling rates are low (13%)⁸.

Industrial, Commercial and Institutional (IC&I) regulations under the Environmental Protection Act make owners and operators of IC&I buildings responsible for recycling. The regulations capture a small number of facilities and only require them to make best efforts to divert waste to recycling. Producers who supply goods to the IC&I sector are not currently held responsible for any of the costs to divert waste from landfill.

For example, a soft drink producer pays half the cost to recycle a pop can through the Blue Box program, yet pays none of the cost to recycle a pop can in an office, factory or shopping mall.

There have been significant advances in collection, sorting and recycling technology that warrant innovative approaches – such as individual producer responsibility – to increase waste diversion in IC&I sector.

Challenges with the existing legislative framework are impeding progress

Sector recycling programs under the Waste Diversion Act cover just 14% of Ontario's wastes⁹.

Under the existing Waste Diversion Act, producers of designated materials are currently required to pay fees to a collective stewardship agency known as an Industry Funding Organization (IFO).

- The mandatory requirement to pay fees to an IFO makes it difficult for individual producers to take action under the Waste Diversion Act.
- Because only a single IFO exists for each recycling program, IFOs disrupt the marketplace and stifle innovation and healthy competition.
- Uniform fee structures associated with IFOs also make it easier to pass recycling costs directly to consumers, reducing producer responsibility for waste diversion and doing little to encourage innovation in product design.

Roles and responsibilities under the present Waste Diversion Act are unclear.

- Waste Diversion Ontario (WDO) was established under the Waste Diversion Act to oversee the development, implementation and operation of recycling programs.

- WDO often plays a dual role as both the developer and overseer of recycling programs. This lack of clarity contributes to strained relationships among stakeholders involved in the delivery of recycling programs and hampers efforts to adapt to changing circumstances.

There is also a lack of compliance and enforcement tools to ensure accountability for recycling results.

The government has limited powers to set and enforce recycling results, and to require a course correction when needed.

Lack of innovation and need for strengthened consumer protection

Individual producer responsibility is about more than making producers of product waste responsible for recycling costs – it is also about encouraging producers to develop products that are designed, manufactured and distributed in ways that reduce their impact on the environment. When each individual producer shoulders the full responsibility to divert their products at end-of-life, these costs are included in the price of their products, much the same way that other costs like rent and labour are reflected in the overall product price.

Including diversion costs in the price of a product harnesses the competitive nature that makes producers compete based on the price of their product. This can prompt producers to reduce recycling costs by making their products easier to collect, dismantle, reuse, or recycle. Producers may reduce costs by including greater amounts of recyclable materials or materials that are less expensive to recycle in their products.

Individual producer responsibility makes producers financially responsible and environmentally accountable for the goods they sell. When recycling costs are internalized, i.e. as a cost of doing business, producers have a financial incentive to integrate recycling considerations throughout the design, production, and distribution of their products – this improves not only their environmental performance, but also their bottom line.

Canadian Council of Ministers of the Environment (CCME) and industry partnership to reduce packaging waste in Canada

- In April 2012, CCME and major partners from the retail, restaurant and food sector and the packaging industry announced an industry driven approach to increase recycled content and reduce overall packaging in Canada.
- This approach includes 2 key commitments by industry:
 1. **Efforts to eliminate PVC in rigid plastics:** This will increase the recyclability of rigid plastics which is often problematic for municipal recycling facilities.
 2. **Develop and implement a national, voluntary design guide:** This is being led by PAC NEXT and is expected to be launched in fall of 2013.

Ontario's current approach assigns recycling costs to producers after the product has already hit the market, making it easier to pass these costs directly to consumers in the form of a surprise "eco-fee". This also breaks the link to producer responsibility as producers only have to pay for recycling at the product's end-of-life; they're not required to take environmental and financial responsibility for their products at the front end – the design and manufacturing stage.

The province recognizes the need for transparency and accountability around recycling costs and the importance of providing consumers with appropriate and accurate information.

The costs of recycling a product should be treated the same as any other cost of doing business. That is why our proposal would require recycling costs to be included in the advertised, displayed or shelf price of a product. Consumers should not see a surprise fee when they pay for a product at the cash register.

The proposal provides a balanced approach. It will avoid consumer surprise – the price you see will be the price you pay for a product. At the same time, sellers of products will have the choice on whether they communicate recycling costs – but if they do so, the information will have to be accurate, easy to understand, and not falsely portrayed as government revenue.

The current approach has tax implications

In provinces that hold producers responsible for recycling, producers are allowed to choose how to meet their recycling obligations. Producers are eligible to claim tax credits for any HST they paid in the process of procuring services to meet these obligations.

In Ontario, producers are required to join and pay fees to Industry Funding Organizations (IFOs). Because IFOs are mandatory, they are viewed in the federal tax code as performing a regulated service to a producer. IFOs are presently unable to recover the HST they pay on programs through tax credits. As a result, extra costs are embedded in the price consumers pay.

Ontario has advocated that programs in Ontario be treated fairly and consistently. That's why the proposed Waste Reduction Act would eliminate the mandatory requirement to join an IFO and eliminate the HST problems, saving producers millions of dollars a year.

Costs to municipalities to fund recycling and disposal are increasing

The province recognizes the considerable efforts and investments municipalities have made to establish, expand and fund recycling programs.

We also recognize that there is a limit to sustaining these costs as expansion efforts for recycling grow. Municipalities tell us they are finding it increasingly challenging to increase recycling efforts.

Municipalities have the additional pressure of managing landfill capacity. Existing landfills have limited room for more waste, and locating new landfills is increasingly difficult.

There is a lengthy and often expensive approval process for new or expanded capacity for existing landfills. And many people are concerned about having new landfills added to their communities or existing landfills getting bigger. Recycling extends the life of landfills.

Consensus for the need for fundamental change

Everyone agrees that the existing waste diversion system in Ontario is broken and needs to be fixed.

The proposed Waste Reduction Act and this strategy aims to engage the innovative creativity of producers, waste management service providers, municipalities and consumers to divert more waste from landfill and turn it into new products, green jobs and new investment opportunities in Ontario.

Ontario's waste reduction history

Blue Box and IC&I Requirements (1980s and 90s)

Ontario began its recycling efforts in the late 1980s, with the introduction of industry and government financing of Blue Box programs, which were later formalized in the 1990s with the introduction of 3Rs Regulations (O. Reg. 101/94 – 104/94). These regulations established province wide requirements for municipal Blue Box collection systems for recyclables. These regulations require municipalities with over 5,000 people to collect residential recyclables as well as leaf and yard waste.

Did you know that Ontario's Blue Box program was the recipient of a United Nations environmental award in 1989?

The regulations also put requirements in place to encourage facility owners and operators to start thinking about how to reduce and recycle their wastes. These regulations require large IC&I establishments to audit waste generation and management practices, develop waste reduction plans and take reasonable efforts to source separate recyclables from wastes. The regulations also require manufacturers, packagers and importers to audit their packaging practices and develop packaging reduction plans.

Regulations in the IC&I sector have not led to significant improvements in recycling as they only require reasonable efforts to recycle, with no targets, and are limited in scope. Also, there is no mandatory requirement that waste be reused or recycled.

Waste Diversion Act (2002 to present)

With continued interest and pressure to divert waste to recycling, and a global trend towards greater producer responsibility, Ontario put in place the Waste Diversion Act in 2002. The Waste Diversion Act was intended to promote waste diversion and enable producer-funded programs.

Under the Waste Diversion Act four programs were implemented:

1. **Blue Box Program Plan (2004):** The program is operated by municipalities with the plan administered by Stewardship Ontario. The Waste Diversion Act put in place requirements for producers to reimburse municipalities for 50% of the net cost of blue box collection systems for packaging and printed paper (newspaper, cardboard, glass, metal, and plastic).

2. **Municipal Hazardous or Special Waste (MHSW) Program (2008):** This program is operated by Stewardship Ontario. The program manages common hazardous or special household wastes that need to be properly recovered rather than thrown in the garbage or poured down drains. These include paints, solvents, oil filters and containers, single use batteries and antifreeze.
3. **Waste Electrical and Electronic Equipment (WEEE) Program (2009):** This program is operated by Ontario Electronic Stewardship. The program manages electronic waste – some of which may contain toxics such as mercury, as well as valuable component materials, such as metals. The program collects 44 types of electronics, including desktop and portable computers, printers, televisions, copiers, telephones and audio-visual equipment.
4. **Used Tires Program (2009):** This program is operated by Ontario Tire Stewardship. The program ensures that used tires are properly recovered, managed and not stockpiled and covers all passenger, truck and off-road tires. It also helps cleanup existing legacy tire stockpiles.

Ontario's waste diversion programs under the Waste Diversion Act have performed well. Ontario residents are keeping 64% of Blue Box wastes out of landfills.¹⁰ The Used Tires program achieved an overall diversion rate of 96.3% in 2012.¹¹ In 2012, the MHSW program exceed its overall collection target collecting over 28 000 tonnes¹² and the WEEE program collected more than 75 000 tonnes of electronic waste.¹³

Programs under the WDA have diverted more than one million tonnes of waste from landfill annually. However, the programs account for only 14% of Ontario's waste stream and focus mostly on residentially-produced waste.

Individual producer responsibility

Individual producer responsibility (IPR) is an environmental policy approach wherein producers of products and packaging bear responsibility for ensuring their products and its packaging are properly managed at the end of their life-cycle.

The basic goal of IPR is to achieve waste reduction and environmental protection in the most efficient manner. Producers are held responsible for recycling because they are best positioned to reduce waste associated with their products and able to decide the best way to do this economically.

Other jurisdictions are embracing the IPR approach to waste management. While these frameworks come in multiple forms, they all include the common feature of making producers responsible for meeting diversion requirements for products associated with designated wastes.

Approaches to IPR in Europe have resulted in increases in the recycling of product and packaging waste. Germany and the Netherlands recycled over 70% of their packaging waste in 2010. In the UK, the recycling rate for packaging has increased from 40% in 2000 to 61% in 2010.

The Canadian Council of Ministers of the Environment (CCME) endorsed producer responsibility by approving a Canada-wide action plan. In Ontario, public discussions on Ontario's waste diversion framework occurred through a statutory review of the Waste Diversion Act, which began in 2008. The province held extensive consultations with key public and private stakeholders who made it clear that Ontario's existing waste diversion framework could be improved.

Through these discussions, the province heard about the need for IPR. We also heard about the need to incent producers to improve product design and recyclability as a way to reduce waste and minimize costs.

In March 2013, the Ontario Waste Management Association released a report entitled "[Rethink Waste](#)" that recommends the government bring in producer responsibility legislation to harness the economic value of waste.

IPR makes producers responsible for managing life-cycle impacts of products from design to end-of-life. Currently, municipalities bear the burden of residential waste management but have little ability to affect waste generation and this is where IPR can be particularly helpful; it can get at the bigger challenge of addressing the amount of waste produced in the first place.

Recognizing opportunities, we have been talking to producers, municipalities, the waste management sector and stakeholders and have heard the overwhelming desire and consensus to divert more waste from landfill and to harness the value of waste as a resource and to address rising costs through individual producer responsibility. These discussions build on past discussions. In 2009, the Ministry released a report, From Waste to Worth: The Role of Waste Diversion in the Green Economy, which included proposed broad changes to the waste diversion framework centered on individual producer responsibility. The Ministry has held consultation with stakeholders and Ontarians since then.

In November 2012, a stakeholder roundtable discussion hosted by the Environmental Commissioner of Ontario continued the dialogue the Ministry started on waste diversion. The roundtable confirmed that there is consensus around the need for fundamental changes to Ontario's waste diversion framework and the need to move to a framework which embraces individual producer responsibility.

An IPR approach which embraces greater producer responsibility received widespread support from stakeholders.

How individual producer responsibility works

Typical waste management system – tax payers bear the costs



Individual Producer Responsibility shifts cost of waste management from tax payers to producers



Where we are headed

The province intends to replace the Waste Diversion Act with an approach that makes individual producers financially responsible and environmentally accountable for the goods they sell. Our approach would increase the amount of end-of-life materials being recycled, protect consumers and provide them with convenient and accessible waste diversion services.

The province will consult with and work with its partners to achieve a waste reduction framework which:

- **Promotes more recycling** and the reintroduction of valuable resources into the economy
- **Shifts costs** to make individual producers responsible for recycling costs associated with their products
- **Protects consumers from surprise fees** through all-in pricing
- **Designates new wastes for recycling** and kick-starts more recycling in the industrial, commercial and institutional sectors
- **Sets mandatory waste reduction and service standards**
- **Improves oversight and accountability** of waste diversion by evaluating progress and enforcing mandatory performance measures
- **Recognizes municipalities** for their role in providing diversion services to residents
- **Provides a smooth and orderly transition** of existing programs to the new framework

How we will get there

This Strategy provides the roadmap for how the province will achieve its new vision.

The proposed Waste Reduction Act will be used to help adopt an individual producer responsibility (IPR) approach and set clear performance requirements to ensure wastes are collected and diverted. This approach recognizes the economic and environmental benefit of harnessing the value of waste as a resource.

An important aspect of the proposed act is to make producers fully responsible for the end-of-life management of the products and packaging they sell in the marketplace. It would also ensure that recycling costs are included in the cost of the product as part of the cost of doing business.

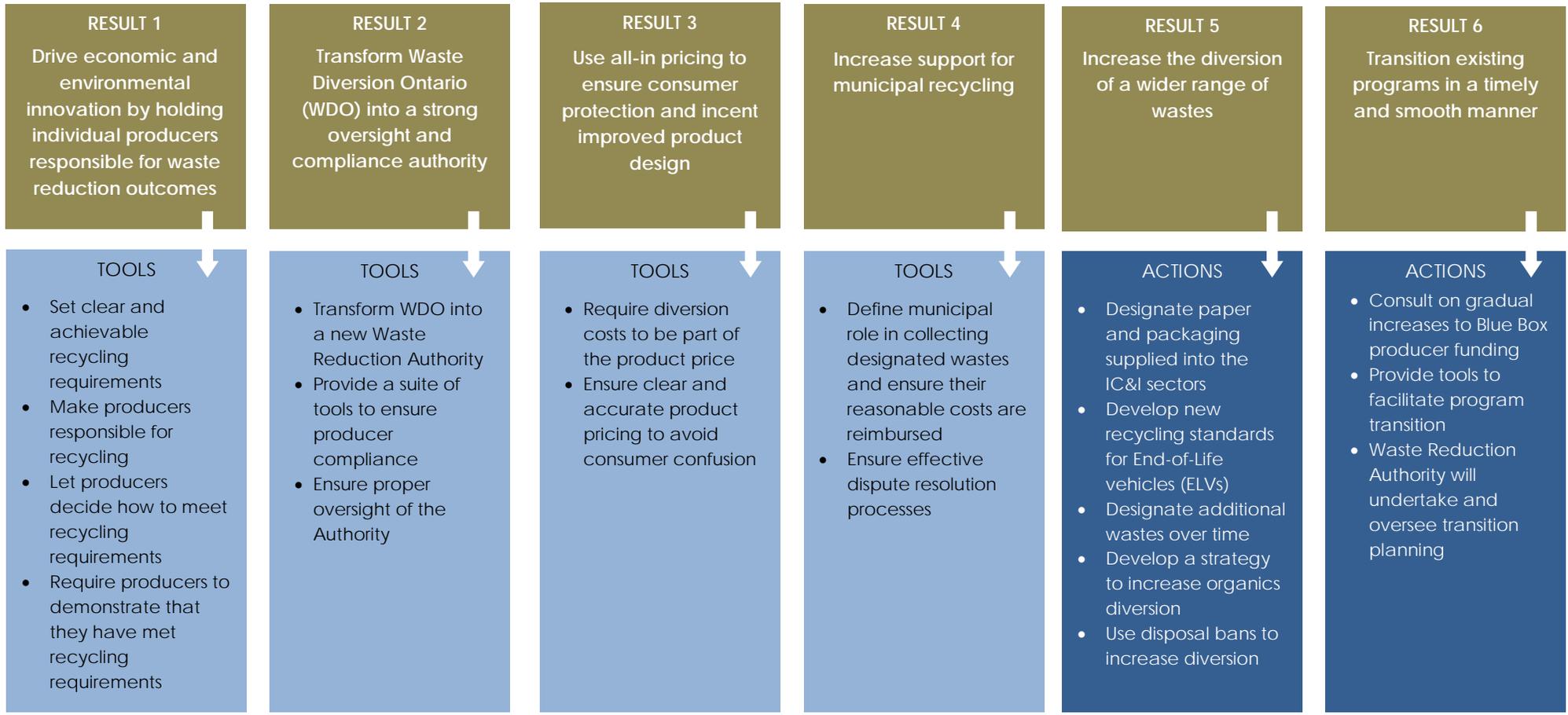
Under the proposed act, the proposed Waste Reduction Authority would oversee the new IPR framework and hold producers accountable through effective monitoring, oversight, and compliance and enforcement to ensure greater transparency and accountability. The framework would also provide for the transition of existing waste diversion programs while maintaining services.

Steps to increase recycling include:

- Building on the success of Ontario's Blue Box program, designate paper and packaging supplied into the Industrial, Commercial and Institutional (IC&I) sectors as the next waste to target
- Develop recycling standards for end-of-life vehicles
- Designate additional wastes over time
- Develop a strategy to increase organics diversion
- Ban designated waste from disposal
- Timely and smoothly transition existing waste diversion programs to the new individual producer responsibility framework

Our vision is a province which moves towards zero waste, recognizing the inherent value of all materials while fostering economic and environmental innovation to increase access to convenient waste diversion approaches.

Moving to zero waste



The proposed Waste Reduction Act, 2013

The proposed Waste Reduction Act will provide the province with a number of tools to help achieve Ontario's new waste reduction vision, including tools to help achieve the following results:

- Drive economic and environmental innovation by holding individual producers responsible for waste reduction outcomes
- Transform Waste Diversion Ontario into a strong new compliance authority
- Use all-in pricing to ensure consumer protection and incent improved product design
- Increase support for municipal recycling programs such as Blue Box
- Increase the recycling of a broader range of wastes
- Ensure existing programs are transitioned in a timely and smooth manner

Result 1: Drive economic and environmental innovation by holding individual producers responsible for waste reduction outcomes

Tool: Set clear and achievable recycling requirements

The proposed act allows the government to set clear recycling requirements, including waste reduction standards, service standards, and requirements for promoting public awareness for designated wastes. Waste reduction standards may include collection targets and recycling targets that each producer must meet for a designated waste. In some cases it may be appropriate for the government to set more specific outcomes.

Waste reduction standards may also include processing requirements to ensure designated wastes are recycled in an environmentally sound manner. Energy from waste for designated materials will not be allowed to meet waste reduction standards.

The key to successful diversion efforts is making it convenient for consumers to recycle. The proposed act would also provide the authority to set a range of service standards to ensure that diversion is convenient and accessible province-wide.

Producers may also be required to undertake promotion and education to ensure that consumers have adequate knowledge of recycling options.

All outcomes would be set in regulation and tailored to each waste. The ministry would consult in advance of setting standards to ensure they are effective, achievable and represent progress toward greater recycling.

Ontario is committed to consulting on proposed outcomes to ensure our approach to producer responsibility is transparent, responsive, and reflective of the realities of managing specific waste materials.



Tool: Make individual producers responsible for recycling

The proposed act would provide authority to make individual producers legally obligated for meeting waste reduction outcomes for their share of their products that are associated with a designated waste.

Who is a producer under the proposed Waste Reduction Act?

- A producer is defined as a person whose product results in a designated waste.
- This could include, for example:
 - Manufacturers of brand products
 - brand owners
 - first importers
 - e-tailers

In order to accurately and fairly assign responsibility for recycling, a hierarchy of producers would need to be defined for each waste to ensure that all parties that introduce products associated with designated wastes are captured. This hierarchy would be defined in regulations.

The Ministry will consult with the business community to ensure the producer accurately targets those with the closest connection to wastes, reflects the supply-chain considerations unique to different sectors of the economy and limits burden, particularly to small business through minimum producer size thresholds.

Tool: Let producers decide how to meet recycling requirements – on their own, or working with others

The proposed Waste Reduction Act will let producers decide how to meet their recycling requirements. This flexibility means that producers will have a range of options. A producer may choose to fulfill their obligations individually or find innovative ways to have their share of designated wastes collected and diverted.

Producers may decide to work together and pool their efforts collectively. This could include the use of national associations that have already been established to meet producer responsibility requirements that exist in other provinces. This approach would allow producers to align their efforts across the country.

This also benefits producers who are able to pool costs for services and increase efficiency. It also makes it easier for consumers who could be provided with convenient and accessible locations for dropping off wastes for recycling.

Why more recycling is good for Ontario's economy.



In all cases, individual producers will be legally responsible for achieving waste reduction outcomes.

Tool: Require producers to demonstrate they have met recycling requirements

The proposed Waste Reduction Act would require each producer to register with the new Waste Reduction Authority and identify the types and amounts of wastes for which they are responsible.

Producers would also be required to report on their progress towards meeting the standards set out for designated wastes. Reporting requirements would be set out in regulation and may include a description of how the producer is meeting its recycling obligations, including waste reduction and service standards, and promotion and education requirements. Where producers work together, the producers' association or collective would submit these reports on behalf of producers.

Producers may also need to provide proof of diversion activities by tracking waste from collection to diversion and having this information certified by an independent third-party.

Where producers fail to meet recycling outcomes and requirements, the proposed act will allow the new Waste Reduction Authority to use a number of new enforcement tools, including administrative penalties in certain cases, to ensure producers comply with their requirements.

The Ministry will set out the appropriate use of these tools in regulation, after extensive consultation to ensure they are a fair and effective deterrent to achieve compliance and recycling progress.

Result 2: Transform Waste Diversion Ontario into a strong oversight and compliance authority

Tool: Transform Waste Diversion Ontario into a new Waste Reduction Authority

The Ministry is proposing, through the proposed Waste Reduction Act, to transform Waste Diversion Ontario into a new body, the Waste Reduction Authority (WRA). The Authority's role would be to provide an independent, robust oversight and compliance framework of producer responsibilities.

The new Authority would provide oversight and compliance of the proposed Waste Reduction Act and oversee existing waste diversion programs until they are transitioned to the proposed act.

The Authority would have a number of key functions including:

- Receive and store information from producers and collectives
- Assess performance of producers' actions
- Take graduated compliance and enforcement action against individual producers and collectives who perform poorly and free-riders
- Oversee integrated pricing by undertaking inspections and taking action against non-compliance (false or misleading representations)
- Advise government on specific waste diversion issues
- Facilitate the resolution of disputes between producers and municipalities
- Develop a formula to address municipal compensation
- Handle public complaints and consumer concerns
- Provide public education about the Act
- Report to the Minister and the public annually on results.

Tool: Provide the Waste Reduction Authority with a suite of tools to ensure producers' compliance

This approach provides the Waste Reduction Authority with the tools for a graduated method of ensuring producer compliance with outcomes. These tools include inspection powers, the ability to issue compliance orders and administrative penalties to producers and/or collectives that fail to achieve outcomes.

The proposed act would provide grounds to appeal compliance orders and administrative penalties to the Environmental Review Tribunal. The types of non-compliance, amounts and/or approach for calculating the administrative penalties would be prescribed in a future regulation which would be consulted on. Maximum amounts for administrative penalties would be set out in the proposed Waste Reduction Act, should it be passed.

Tool: Ensure proper oversight of the Waste Reduction Authority

The province would maintain oversight of the Waste Reduction Authority (WRA) through the following actions:

- Require WRA to provide an annual public report to the Minister on results and compliance actions, including the issuing of administrative penalties (APs) and how AP revenue was used.
- Allow the Minister of the Environment to request the WRA provide advice on specific waste reduction issues and request that the WRA establish Advisory Councils or processes to seek input from stakeholders on a range of issues.
- Give the Minister of the Environment the ability to issue policy direction where it is in the public interest with respect to the performance of the WRA's powers and duties under the proposed Waste Reduction Act. The Minister may also require a review to be undertaken of the WRA, or appoint an administrator under special circumstances (e.g., fundamental failure by the WRA to perform its duties under the act).
- Enable the Auditor General to audit the WRA.
- Limit WRA's ability to engage in commercial activities unless the Lieutenant Governor in Council makes a regulation authorizing the activity.
- Require WRA to provide services and information in English and French.

Result 3: Use all-in pricing to ensure consumer protection and promote improved product design

Producers continually look for innovative ways to improve how they manufacture, distribute and market their products to save money and better serve their customers. Improving the environmental impact of their products should be no different.

Tool: Require diversion costs to be part of the product price

The current approach under the Waste Diversion Act often results in recycling costs being externalized as a separate cost. This reflects an attitude that recycling is not a cost of making and marketing a product, but an extra cost to be passed on to consumers when the product is sold.

Producers, therefore, do not compete based on the cost to divert their products - because the cost of diversion isn't reflected in the advertised cost or the price consumers pay.

This is why the proposed Waste Reduction Act will require all-in pricing wherein the costs of diverting a product at the end of its useful life should be treated the same as any other costs of doing business.

All-in pricing will result in enhanced environmental and economic innovation in how products are designed, produced and distributed. Producers have an incentive to increase product reusability and recyclability to reduce costs, and to develop greener products and greener economies as well.

When producers see waste diversion as a cost of doing business, they will be driven to benefit from innovations and efficiencies that not only reduce their costs, but also improve the environmental impact of their products.

Tool: Ensure clear and accurate product pricing to avoid consumer confusion

The proposed act would allow producers and retailers to disclose recycling costs to consumers as long as those costs are accurately represented and the final all-in price is prominently displayed. False or misleading representations would be an offence under the proposed Waste Reduction Act.

The new Waste Reduction Authority would have tools to take action in circumstances where fees fail to be displayed in accordance with the proposed act.

Result 4: Increase support for municipal recycling

Tool: Define municipal role in collecting designated wastes and ensure their reasonable costs are reimbursed

Municipalities play an important role in providing recycling and waste management services to their residents. Ontario's progress on waste diversion to date has been primarily driven by municipalities. The Ministry is proposing to consult with all stakeholders including producers and municipalities, to further define the municipal role.

The proposed act would lift the 50% cap on producer funding for the Blue Box program. The province would be able to pass a regulation that increases the contribution to Blue Box program funding that is paid by producers.

The proposed act introduces a compensation system for instances where a municipality collects a designated waste. The proposed changes include the following:

- Should a municipality choose to collect designated wastes for diversion, producers would compensate them for costs deemed reimbursable under the proposed Waste Reduction Act.
- Compensation would be determined through a negotiated agreement between the producer and the municipality.
- The WRA would have the power to develop and implement a compensation formula that would apply to producers and municipalities who are unable to reach their own agreements on the cost.

The province would also have the power to establish a mandatory compensation formula for designated wastes that municipalities are required by law to collect and process (e.g., Blue Box wastes), but only where such action is deemed to be in the public interest.

Did you know...

Peel Region: The Peel Integrated Waste Management Facility is the largest of its kind in Canada and houses: a single stream Material Recovery Facility, a waste transfer station, and an organics composting plant. It has the capacity to process 130,000 tonnes of Blue Box material and 60,000 tonnes of organic material (food and yard waste) annually.

City of London: The City of London opened its Manning Drive Regional Material Recovery Facility in August 2011. Built as a regional facility to process Blue Box materials for area municipalities, since opening, six have joined in sending Blue Box recyclables to London's facility. It has a 75,000 tonnes per year capacity.

Town of Marathon: The Town of Marathon built a new waste diversion and transfer station, to process its own recyclables and service other communities. The facility was up and running in 2010/11. In 2009 Ontario's Northern Ontario Heritage Fund Corporation provided \$1.3 million to Marathon for the new waste diversion and transfer station.

Tool: Ensure effective dispute resolution processes

As indicated above, under the proposed act municipalities and producers could negotiate compensation agreements that reimburse municipalities for their reasonable costs incurred when collecting designated wastes.

A key role for the Waste Reduction Authority is promoting effective and collaborative working relationships to ensure administrative challenges are overcome.

All parties must work together to increase diversion and meet the government's environmental outcomes.

When invited by producers and municipalities, the Waste Reduction Authority will be available to assist in resolution of disputes.

The Waste Reduction Authority will bring together producers and municipalities to help reach agreements on compensation. The Waste Reduction Authority will need to acquire the human resources skills and expertise necessary to perform this important function.

Implementation

Result 5: Increase the diversion of a wider range of wastes

Action: Designate paper and packaging supplied into the Industrial, Commercial & Institutional (IC&I) sectors

Under the current Waste Diversion Act, there are no producer responsibility requirements for the management of waste derived from paper and packaging that is supplied into the IC&I sector or collected from office buildings, malls, restaurants, hotels, educational institutions or hospitals, factories, or other business locations.

If the proposed act is passed, the province would designate paper and packaging supplied into the IC&I sectors as a first step for enabling increased diversion. Broadening the collection and recycling of paper and packaging would represent a major step forward in waste diversion. This is the largest single unaddressed recycling opportunity in the province.

Individual producer responsibility for paper and packaging supplied into the IC&I sectors would be a phased-in process, starting with those materials that are easiest, for increased collection and diversion.

Over time, additional wastes would be added in keeping with the IPR model.

The Ministry would consult extensively with producers, service providers, municipalities and other stakeholders to designate these wastes or set the applicable waste reduction outcomes in advance of introducing regulations.

The input of stakeholders will be necessary to identify the best approach to IPR, the timelines for phasing-in requirements and how best to build upon existing waste reduction initiatives that affect the IC&I sector.

Success stories

- In the UK, the recycling rate for packaging has increased from 40% in 2000 to 61% in 2010 by introducing producer responsibility requirements.
- In Canada, British Columbia has more recycling programs in place than any other jurisdiction in North America, including electronics, batteries, pharmaceuticals, and household hazardous wastes.

In determining next steps, a number of factors warrant consideration:

- Paper and packaging accounts for a significant portion of the waste produced in the IC&I sector.
- Paper and packaging is already collected in the residential sector through the Blue Box. As a result, there may be opportunities to create synergies between the two, especially in the area of post-collection management and recycling of materials.
- Markets for the recovered material are well-developed and would benefit from an increased and reliable supply of material.
- Ontarians expect to recycle similar material whether at home, work or play.

The Ministry also intends to review the existing 3Rs regulations as they apply to the IC&I sector. This will support the future designation of IC&I paper and packaging wastes under the proposed Waste Reduction Act.

Action: Develop new recycling standards for end-of-life vehicles

The diversion of end-of-life vehicles (ELVs) is occurring on a wide scale in Ontario. Approximately 600,000 vehicles are retired each year in Ontario - this creates more than 150,000 tonnes of vehicle waste that goes to landfill every year.¹⁴

Action needs to be taken, however, to ensure that this diversion occurs in a manner that protects the environment. The government recognizes we need to ensure that when wastes are diverted, they are diverted safely, correctly and sustainably.

The province intends to consult with industry to develop and implement new standards to govern recycling of ELVs starting in the fall of 2013. The province intends to work with the Ontario Automotive Recyclers Association (OARA) and Canadian Vehicle Manufacturers' Association (CVMA) to improve the existing ELVs processing practices and ensure a level playing field by requiring ELVs site owners/operators to meet a common environmental standard.

Action: Designate additional wastes over time

The province will conduct stakeholder consultations to identify additional wastes that could be designated under the proposed act.

The Ministry is also looking for feedback on which wastes to designate and when.

Extending individual producer responsibility to wastes not currently covered by existing Waste Diversion Act programs will help increase consumer access to diversion opportunities, keep recycled wastes out of landfill and encourage producers to find innovative ways to harness the economic benefits of waste diversion.

At the same time, the province recognizes that there needs to be a sequence of activities that support implementation of the proposed legislation. The province intends to stage requirements over a reasonable time period beginning with high volume wastes and those where waste processing infrastructure already exists.

Consultation will be key to ensuring that wastes are designated in an order and timeframe that ensures progress but allows producers, consumers, municipalities and waste service providers to adjust to new requirements in an orderly manner.

Action: Develop a strategy to increase organics diversion

Municipalities have led the way in terms of organic waste diversion. In addition to requirements to collect leaf and yard waste (under O. Reg. 101/94), most large municipalities have decided to put in place curbside “green bin” programs that collect food waste for composting.

These programs have a real impact. Organics, such as food, leaf and yard waste make up about one third of Ontario’s wastes.¹⁵ By diverting organic waste from landfills, we reduce potential pollution, lower greenhouse gases and conserve valuable resources.

These efforts, however, have been voluntary. Municipalities are not required to collect food wastes. There are also no requirements under the 3Rs regulations for the IC&I sectors to source separate organic waste.

There are a number of challenges associated with increasing the diversion of organic waste. Food wastes are also produced outside the home in restaurants, shopping centres and public spaces. There is a long and complicated supply chain between the point that food is produced and the point that food waste is sent for disposal.

The government will seek advice from the public, municipalities, and businesses and waste management service providers to develop a plan to improve access to organic diversion and increase the province’s overall organics diversion rate.

Action: Use disposal bans to increase diversion

Disposal in landfills is easy and cheap when compared to recycling. The cost of disposal is almost one-half to one-third the cost of diversion. To help overcome this price gap and ensure diversion becomes the first priority when managing waste, the Ministry is proposing to consult on the use of disposal bans to support the proposed Waste Reduction Act. Banning designated wastes from disposal would drive greater participation in diversion programs and help producers meet their producer responsibility requirements.

The province recognizes that the details and timing of any disposal ban are important and need to be consulted on fully. Alternatives to recycle and properly manage banned material would need to be in place and widely available before a disposal ban takes effect. The Ministry would consult in advance of proposing disposal bans to determine prospective wastes, the definition of disposal for the purposes of these bans and to identify implementation and operational considerations.

The timeframe for these bans would be set in regulation and would be consulted upon to ensure that producers, haulers and processors can implement measures to comply with any disposal ban.

Result 6: Transition existing programs in a timely and smooth manner

The proposed approach would repeal the Waste Diversion Act, and see the incorporation of specific provisions relating to the existing four programs and three industry funding organizations into the proposed new act.

This is necessary to enable the continuation of these waste diversion programs until they can be transitioned to the new IPR requirements under the proposed act.

Action: Consult on gradual increases to Blue Box producer funding

Since the introduction of the blue box program in the 1980s, municipalities have spent hundreds of millions on blue box operations and infrastructure, with producers paying for 50% of net costs since 2004.

A move towards greater producer funding aligns with the overall principles of individual producer responsibility.

This progression is consistent with other Canadian jurisdictions including British Columbia, Saskatchewan, Manitoba, and Quebec, which have required or are moving towards full producer funding.

Prior to making any changes to the Blue Box system, stakeholders would be extensively consulted. Program changes would be phased-in through graduated timelines to allow for adjustment by producers and municipalities.

In addition, the consultation process will need to consider what other changes can be made to the delivery of the program that mitigate the potential cost impact to producers of increased producer funding. As producers increase their contribution for funding, it is likely that producers, municipalities and waste management service providers will need to address issues such as:

- Roles and responsibilities for collection and post-collection management of Blue Box material.
- Opportunities to harmonize the types of material collected across Ontario and the type of collection activities that are undertaken.
- How to address municipal infrastructure investments to support the Blue Box program and the status of existing contracts for collection and post-collection management.
- Opportunities to lower overall costs through greater harmonization in the collection and post-collection management of designated paper and packaging wastes.

The Ministry understands that any changes to Ontario's flagship diversion program can only happen through significant work with municipalities, producers, waste service providers and the public.

This strategy represents the first step in beginning consultation with stakeholders. This approach enables maximum flexibility to consult stakeholders and determine the future of municipal Blue Box programs over the long-term.

Recognizing the complex pattern of relationships and infrastructure that exists across Ontario between municipalities, waste management service providers and producers, the province will be looking for stakeholders to provide their best advice on the process to be used to facilitate this extensive consultation.

Action: Provide tools to facilitate the transition of existing programs to the individual producer responsibility framework

The proposed approach will also provide for new tools to facilitate the transition of existing waste diversion programs, IFOs and the transition to an individual producer responsibility framework. This will include regulation making power to address the transfer of assets and liabilities of existing programs and their IFOs.

This transition needs to be done in an orderly fashion to support individual producers as they assume the responsibilities that are presently performed by IFOs. As part of this transition, the Minister will also have the ability to require changes to approved program plans.

Existing programs are expected to continue until they complete transition to the new framework. This approach will help maintain program objectives and outcomes and minimize disruption of existing roles and services.

Action: Waste Reduction Authority will undertake and oversee program transition to the individual producer responsibility framework

The proposed approach recognizes the challenges that may be faced in transitioning existing waste diversion programs and the potential implications of dissolving IFOs that were specifically created to develop and deliver programs.

The province will have to ensure that the Waste Reduction Authority takes the necessary steps working with IFOs to mitigate the risks of interruption to convenient and accessible waste reduction services, or any stranded assets and liabilities.

Extensive consultation with IFOs, producers, municipalities, waste management service providers and the public would occur on how to transition from the existing waste diversion programs to individual producer responsibility requirements and the timelines required to make this transition.

Consultation would also take place with stakeholders on the timing for designating these wastes under the individual producer requirements under the proposed legislation.

Each program will have a unique set of concerns related to its wastes, producers, and consumers. To support a smooth transition to the new framework, the Waste Reduction Authority and IFOs will need to give careful consideration to program assets and liabilities, opportunities or barriers to transferring assets or liabilities and any program debts or surpluses.

Consultation would lead to development of detailed operational steps that need to be taken to transition existing programs. These steps would address any issues identified by stakeholders.

If the proposed legislation is passed, the Ministry anticipates that the Waste Electrical and Electronic Equipment (WEEE) program would be the first of the existing Waste Diversion Act programs to begin planning for the transition following consultation with stakeholders.

The Municipal Hazardous or Special Waste (MHSW, also known as the Orange Drop program) and Used Tires programs would begin planning for transition in the short- and medium-term, respectively.

In limited circumstances, the Waste Reduction Authority would have the ability to appoint an administrator over a pre-existing IFO to ensure program transition; conditions for such an appointment would be identified in the proposed Waste Reduction Act.

Path forward

The province intends to roll out its waste reduction framework in an integrated fashion that will maximize opportunities to engage with stakeholders.

ACTION	Short-term (1-2 years)	Medium Term (2-4 years)	Longer Term (4 Years and Beyond)
Consult on gradual increases to Blue Box producer funding	Consult on changes to the Blue Box program funding model and redefining roles and responsibilities.	Continue to consult on changes to the Blue Box program funding model and take first steps toward increasing Blue Box producer funding and producer responsibility in the program.	Continue to make progress toward increasing producer funding for Blue Box program and transition of the program to individual producer responsibility.
Transition existing programs to individual producer responsibility	<p>Consult on tools required to facilitate the transition of waste diversion programs and their IFOs to individual producer responsibility.</p> <p>Waste Reduction Authority begins and oversees transition process of the WEEE program.</p> <p>Waste Reduction Authority begins transition process for the MHSW program.</p>	<p>Waste Reduction Authority oversees transition of the MHSW program.</p> <p>Waste Reduction Authority begins transition process for the Used Tires and Blue Box programs.</p>	<p>Waste Reduction Authority oversees the transition of the Used Tires program.</p> <p>Waste Reduction Authority continues the transition of the Blue Box program.</p>
Begin a review of the 3Rs regulations as they apply to the IC&I sector	Begin consultations on designating paper and packaging wastes supplied into the IC&I sectors under the proposed Waste Reduction Act. Begin a review the 3Rs Regulations as they apply to the IC&I sector.	Begin phasing-in producer responsibility for paper and packaging supplied into the IC&I sectors.	Continue phasing-in producer responsibility for paper and packaging supplied into the IC&I sectors.
Develop new recycling standards for ELVs	Consult on and implement new recycling standards for the diversion of ELVs.	Continue implementation of recycling standards and consult on additional measures to divert ELVs.	Continue to consult on additional measures to divert ELVs.
Designate additional wastes	Consult on additional wastes that could be designated under the proposed Waste Reduction Act.	Designate new wastes under the proposed Waste Reduction Act, possibly including carpets and additional WEEE.	Continue to designate new wastes under the proposed Waste Reduction Act, possibly including non-food organics and bulky items.
Use disposal bans to increase diversion	Consult on the use of disposal bans, including eligible wastes and the timing of bans.	Ban WEEE from disposal once transition to individual producer responsibility is complete.	Ban MHSW from disposal once transition to individual producer responsibility is complete
Develop a strategy to increase organics diversion			Consult on a strategy to increase diversion of organics.

Your thoughts

We all have a role to play to ensure that wastes are reduced, reused and recycled. It is our individual and collective actions that will move Ontario towards zero waste and recognize the inherent value of all materials. These same actions will also help foster economic and environmental innovation to reduce waste and increase access to convenient waste diversion approaches.

Manufacturers, brand-owners, distributors and retailers all have valuable expertise to share. Municipalities and waste service providers, who deal with Ontario's wastes on a daily basis, have valuable experience on how best to divert wastes. Successful diversion efforts also hinge on the participation of consumers who can tell us how best to make diversion opportunities convenient and accessible.

We need input from all people of Ontario to ensure we make progress on waste diversion, and that this progress benefits consumers, producers, the environment and the economy.

The Ministry is looking for your feedback on the approach presented in this draft Waste Reduction Strategy and welcomes your comments.

Questions for Consideration:

As part of this Strategy we would like your advice on the following questions:

1. How can we develop a system where producers are responsible for diverting paper and packaging regardless of where it is bought or produced?
 - How should producer obligations be phased-in for paper and packaging?
 - Should producers of paper and packaging have the same obligations as they do for residential waste?
 - What are the risks and benefits of examining synergies for the collection and management of paper and packaging with similar materials that are collected under the Blue Box program?
 - What consultation process should be used to engage municipalities, producers, waste management service providers and other stakeholders on these issues?
2. What other products and associated wastes should be considered for designation? When?

3. What processes could be established to ensure all stakeholders are engaged in a dialogue with government and with one another to discuss transition matters?
4. Who should coordinate and facilitate discussions on the Blue Box funding and roles and responsibilities? What should be in scope for these discussions?
5. What types of dispute resolution procedures could help bridge gaps between municipalities and producers? How could the Waste Reduction Authority promote collaborative partnerships? What skills and expertise could help the Waste Reduction Authority fulfill this role?
6. What would you recommend as the priority for the transition of existing waste diversion programs? What do you see as the key issues that will need to be addressed as a part of transition planning and implementation?
7. What would you recommend as the role and responsibility of the proposed new Waste Reduction Authority and IFOs in the transition process – and how should consultation take place with other stakeholders?
8. What next steps should we consider on organic wastes? What technical innovations could drive improved organic waste diversion? How can we better target food waste produced in the IC&I sectors and in public places?
9. What wastes could be banned from disposal in the future? (e.g. waste electronics) What is a reasonable transition period before a ban takes effect? How would you see these bans applying to less populated areas of the province?
10. What timing, sequencing and phasing should be considered? What is your view on the proposed roll-out and timelines contained in the strategy?

Conclusion

Over the past few years we have had a number of conversations with public and private stakeholders about making improvements to waste diversion. The changes we are proposing now have been informed by these discussions.

The proposed Waste Reduction Act moves the province in the direction of establishing an Individual Producer Responsibility framework which will achieve greater waste diversion, while responding to concerns we have heard.

The province is asking for your comment on its proposal to transform waste diversion in Ontario.

Comments can be sent to the ministry through the Environmental Registry (www.ebr.gov.on.ca, registry # 011-9262).

Endnotes

- ¹ Based on The Economic Benefits of Recycling in Ontario, AECOM, Sept. 23, 2009. Report was prepared for the Ministry, but not publicly released.
- ² Based on AECOM, 2009.
- ³ Based on Natural Resources Canada 2006.
- ⁴ Based on Ontario Waste Management Association, 2013.
- ⁵ Based on Ontario Ministry of the Environment data and information.
- ⁶ Based on 2011 residential diversion data from Waste Diversion Ontario and 2008 non-residential waste diversion data from Statistics Canada's Waste Management Industry Survey 2008.
- ⁷ Based on 2011 residential diversion data from Waste Diversion Ontario.
- ⁸ Based on data from Statistics Canada's Waste Management Industry Survey 2008.
- ⁹ Waste generation estimates based on Stewardship Ontario 2013 Blue Box Steward Fee Methodology (for Blue Box) and IFO 2012 Annual Reports on performance results from the MHSW, WEEE and Used Tires programs.
- ¹⁰ Based on 2013 Blue Box Steward Fee Setting Methodology, Stewardship Ontario.
- ¹¹ Based on Ontario Tire Stewardship 2012 Annual Report.
- ¹² Based on WDO Filing on 2012 Program Performance, Stewardship Ontario.
- ¹³ Based on Ontario Electronic Stewardship 2012 Annual Report.
- ¹⁴ Based on Improving the Management of End-Of-Life Vehicles in Canada, Canadian Environmental Law Association, April 2011.
- ¹⁵ Derived from data from Waste Diversion Ontario (2008) and Statistics Canada's Waste Management Industry Survey 2008.