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## **Blue Box Transition to Full Producer Responsibility Information Report to Council**

Report Number: INFO-2020-05

Department(s): Public Works Services

Author(s): Amanda Romano, Waste Program Administrator

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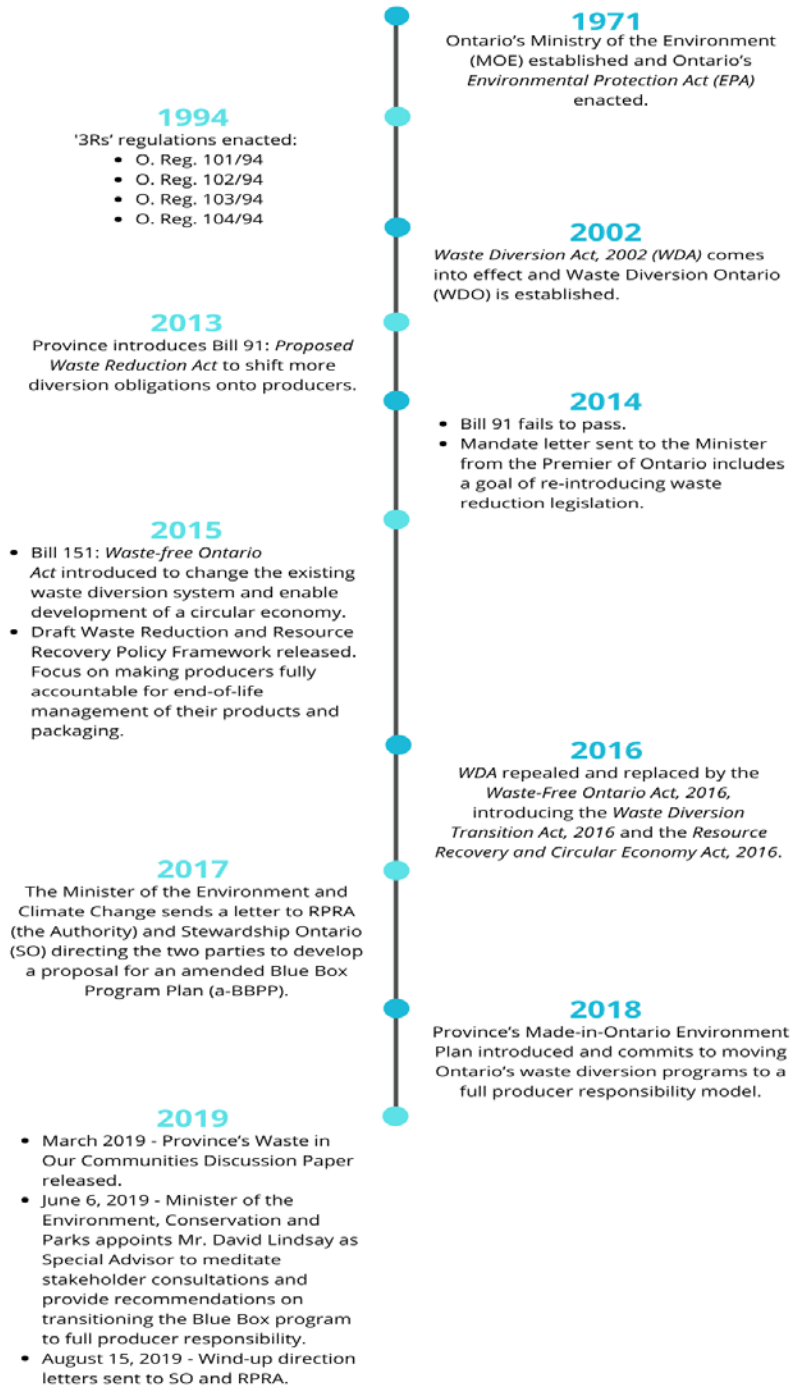
In accordance with the Procedure By-law, any member of Council may make a request to the Town Clerk that this Report be placed on an upcoming Committee of the Whole agenda for discussion.

### **Executive Summary**

- The *Waste Diversion Act, 2002 (WDA)* established Waste Diversion Ontario (WDO) to develop, implement and operate waste diversion programs for designated materials including Blue Box material, used tires, municipal hazardous waste and waste electrical and electronic equipment. Stewards, who are responsible for the distribution of these items, were required to implement waste diversion programs for the designated materials and funding for the delivery of these programs.
- The *Waste-Free Ontario Act, 2016* replaced the *Waste Diversion Act, 2002* and included the *Waste Diversion Transition Act, 2016* and the *Resource Recovery and Circular Economy Act, 2016* to establish new producer responsibility that requires producers to be responsible for their products and accountable for recovering resources and diverting their materials from landfill.
- The Province's Made-in-Ontario Environment Plan was introduced in November 2018 and the Reducing Litter and Waste in Our Communities Discussion Paper was released in March 2019. The Plan committed to moving Ontario's waste diversion programs to a full producer responsibility model.
- On June 6, 2019, the Minister of the Environment, Conservation and Parks appointed a Special Advisor, Mr. David Lindsay, to mediate stakeholder consultations and provide recommendations on transitioning the Blue Box program to full producer responsibility. Mr. Lindsay submitted his advice and recommendations to the Minister on July 20, 2019.

- On August 15, 2019, the Minister of Environment, Conservation and Parks issued wind-up direction letters to Stewardship Ontario (SO) and the Resource Productivity and Recovery Authority (the Authority) outlining the next steps and timelines to transition the Blue Box program.
- Blue Box recycling will become the responsibility of the private sector and the first group of municipalities will transfer responsibility of their programs starting January 1, 2023, with full transition completed by December 31, 2025.
- Staff will continue to participate in consultations related to the transition of the Blue Box program to full producer responsibility.
- Staff will provide an update through a future Council report as more details become known.

### **How We Got Here – Blue Box Program Timeline**



## Purpose

The purpose of this report is to provide Council with an update on the Blue Box program and its expected transition to full producer responsibility. The provincial government has provided a phased timeline for the private sector to become responsible for the Blue Box program, with some municipalities transitioning their program as soon as January 1, 2023, and all municipalities transitioning by December 31, 2025. A fulsome Council

Report will come forward in April/May with additional information and recommendations regarding this program and associated timelines.

## **Background**

### ***Waste Diversion Act, 2002 (WDA)***

On June 27, 2002, the provincial government enacted the *Waste Diversion Act, 2002 (WDA)* to promote the reduction, reuse and recycling of waste and to provide for the development, implementation and operation of waste diversion programs<sup>1</sup>. Under this legislation, Waste Diversion Ontario (WDO) was established with the responsibility of developing, implementing and operating waste diversion programs for designated materials under the Act, and to monitor the effectiveness of these programs. Companies and organizations with a commercial connection to a designated material known as “stewards” were required to self-organize and establish an Industry Funding Organization (IFO). The IFO is responsible for developing and operating a waste diversion program for the designated material and establish funding for the delivery of the program through implementing fees charged to the stewards.

At the direction of the Ministry, under the *WDA*, Waste Diversion Ontario was required to develop waste diversion programs for the following:

- Blue Box material;
- Used tires;
- Used oil;
- Waste Electrical and Electronic Equipment (WEEE); and
- Municipal Hazardous or Special Waste (MHSW).

### ***Waste Reduction Act, 2013***

Introduced by the provincial government on June 6, 2013, the proposed Bill 91, *Waste Reduction Act, 2013* was to establish a new regime for the reduction, reuse and recycling of waste and to repeal the *Waste Diversion Act, 2002*. The purpose of the Act was to promote the reduction, reuse and recycling of waste derived from products as well as make producers responsible for waste derived from their products<sup>2</sup>. The proposed Act was not enacted but set the groundwork for the *Waste-Free Ontario Act, 2016*.

### ***Waste-Free Ontario Act, 2016 (WFOA)***

On November 26, 2015, the provincial government introduced Bill 151: *Waste-Free Ontario Act*. The intent of this Act was to change the existing waste diversion framework

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<sup>1</sup> *Waste Diversion Act, 2002*. S.O. 2002, c. 6, s. 1.

<sup>2</sup> Bill 91, *Waste Reduction Act, 2013*.

and support a circular economy with the goal of increasing waste reduction and resource recovery. On June 9, 2016, the *Waste-Free Ontario Act, 2016 (WFOA)* received Royal Assent and, on November 30, 2016, the Lieutenant Governor proclaimed the *WFOA* which includes the *Waste Diversion Transition Act, 2016 (WDTA)* and the *Resource Recovery and Circular Economy Act, 2016 (RRCEA)*. Upon proclamation, the *WDA* was repealed and Waste Diversion Ontario was dissolved.

Under the *WDA*, waste diversion programs and regulations in Ontario were previously governed under this regulation. The *WDTA* and *RRCEA* replaces and enhances the waste diversion framework established under the former *WDA*.

### ***Resource Recovery and Circular Economy Act, 2016 (RRCEA)***

The *RRCEA* makes producers fully responsible, both financially and operationally, for the management of designated waste material, ultimately shifting the previous waste management framework. The *RRCEA* enhances the former *WDA* and the *WDTA* by imposing full responsibility onto producers. Under the *RRCEA* producers are required to:

- Assume complete responsibility, financial and operational, for the collection, transfer and processing of designated wastes;
- Seek new packaging approaches to reduce waste generation; and
- Educate the public and involve stakeholders in the process.

Under the new framework, producers may choose service providers to ensure they are able to meet established targets and other performance obligations for the recovery of their designated materials. Producers may negotiate with municipalities to execute the service provision role. Collection of designated materials by producers is expected to occur in a manner consistent with current municipal service delivery levels and standards.

Moreover, the proposed legislation would give producers the flexibility to determine how best to meet these regulatory obligations. The *RRCEA* also established the Resource Productivity and Recovery Authority (RPRA - the Authority) which replaced Waste Diversion Ontario. The Authority is responsible for overseeing the transition of current programs to extended producer responsibility (EPR) as well as administer and enforce EPR matters established under the *RRCEA*.

### ***Waste Diversion Transition Act, 2016 (WDTA)***

The *WDTA* enables existing waste diversion programs established under the former *WDA* to operate seamlessly until EPR is fully implemented under the *RRCEA*.

### ***Made-in-Ontario Environment Plan***

On November 29, 2018, the provincial government released their “Made-in-Ontario Environment Plan” with a section dedicated to reducing litter and waste. The Plan

supports the movement of Ontario's waste diversion programs to a full producer responsibility model. Action items identified include<sup>3</sup>:

- Reduce plastic waste;
- Reduce litter in neighbourhoods and parks;
- Increase opportunities for Ontarians to participate in waste reduction efforts;
- Make producers responsible for the waste generated from their products and packaging;
- Explore opportunities to recover the value of resources in waste;
- Provide clear rules for compostable products and packaging; and
- Support competitive and sustainable end-markets for Ontario's waste.

On March 6, 2019, the "Reducing Litter and Waste in Our Communities Discussion Paper" was released with the objective of seeking feedback from the public on how the Province proposes to implement waste commitments identified in the Made-in-Ontario Environment Plan. Feedback will be used to inform future waste management policy.

On June 8, 2019, the Minister of Environment, Conservation and Parks appointed Mr. David Lindsay as a Special Advisor on Recycling and Plastic Waste. The Minister's mandate letter to Mr. Lindsay (see Attachment #1) directed him to mediate stakeholder consultations between municipal governments, producers and stakeholders and provide advice on the transition of the Blue Box program to full producer responsibility. Work on the report was guided by the following public policy objectives<sup>4</sup>:

- Standardization across the province of what can be recycled in offices, parks, public spaces and homes;
- Improve diversion rates and increase what materials can be recycled;
- Reduce litter and waste in communities and parks;
- Improve Ontario's Blue Box program by requiring producers to pay for the recycling of the products they produce, through achieving producer responsibility; and
- Maintain or improve frequency of Blue Box collection.

On July 20, 2019, Mr. Lindsay submitted his report and recommendations to the Minister with the final report released on August 6, 2019. The report will help inform the Ministry's next steps on improving the Blue Box program through cost reduction, increased waste diversion, and a reduction in plastic waste and litter.

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<sup>3</sup> Government of Ontario, "A Made-in-Ontario Environment Plan", 2019, <https://www.ontario.ca/page/made-in-ontario-environment-plan>

<sup>4</sup> Stewardship Ontario, "Mandate Letter for Blue Box Mediator", 2019, <https://stewardshipontario.ca/wp-content/uploads/2019/06/Mandate-Letter-for-Blue-Box-Mediator.pdf>

## Discussion

On August 15, 2019, the Minister of the Environment, Conservation and Parks issued direction letters to the Authority and Stewardship Ontario to begin to transition the management of Ontario's Blue Box program to producers of plastic and other packaging (see Attachments #2 and #3). The letters outline timelines to begin the transition of materials collected under the current Blue Box program to individual producer responsibility under the *Resource Recovery and Circular Economy Act, 2016*.

Stewardship Ontario is required to submit a Blue Box program wind up plan to the Resource Productivity and Recovery Authority (RPRA) by June 30, 2020. It is expected that RPRA will approve the plan by December 31, 2020, if it is consistent with the Minister's direction on transition. During this time, the Ontario government will develop and consult on regulations to support the new responsibility framework for the Blue Box program, and there will be significant consultation with municipalities and their representatives to gather the necessary information to assist in the development of the wind-up plan.

Based on recommendations from Special Advisor David Lindsay's report, the Blue Box program will transition to full producer responsibility in phases over a three-year period. The first group of municipalities or First Nations will transfer responsibility of their programs to producers starting January 1, 2023. A total of up to one-third of the Provincial program will transition annually. By December 31, 2025, producers will be fully responsible for providing Blue Box services across the province.

At this time, there are no details regarding which municipalities will transfer their responsibilities or when they will transition. Staff anticipate that further information will be provided in the wind-up plan submitted by Stewardship Ontario by June 30, 2020.

As municipalities transfer responsibility and control of their Blue Box program to producers, it is expected that the full costs of the program will be paid for by the producers once transition occurs. Since transition will be phased-in over three years, only one-third of the Provincial program will be transitioning each year. For municipalities waiting for their transition date, the cost of recycling services will continue to be shared between municipalities and producers.

The Ministry will be consulting with stakeholders through Working Groups during this process as they work on the development of new Blue Box regulations under the *RRCEA*. The Ministry is proposing to establish three Working Groups which will include a producer group, municipal group and circular economy group. The Ministry will also work with First Nations and Indigenous communities to receive their input during this process. Information and feedback gathered from these Working Groups will be used to inform the Ministry's initial policy development. During the regulation's development, the Ministry will consider the following key areas:

1. Definition and scope of the designated materials;

2. Collection and accessibility requirements (e.g. service levels, standards, collection sources, etc.);
3. Management requirements that producers must meet (e.g. targets, requirements, etc.);
4. Transition approach (i.e. criteria used to select municipalities for transitioning);
5. Defining the responsible producer;
6. Registering, reporting and record-keeping requirements; and
7. Audit requirements.

On November 27, 2019, the Ministry of Environment, Conservation and Parks (MECP) outlined their roadmap<sup>5</sup> to EPR in a webinar held on November 27, 2019 (please see Figure 1 below).

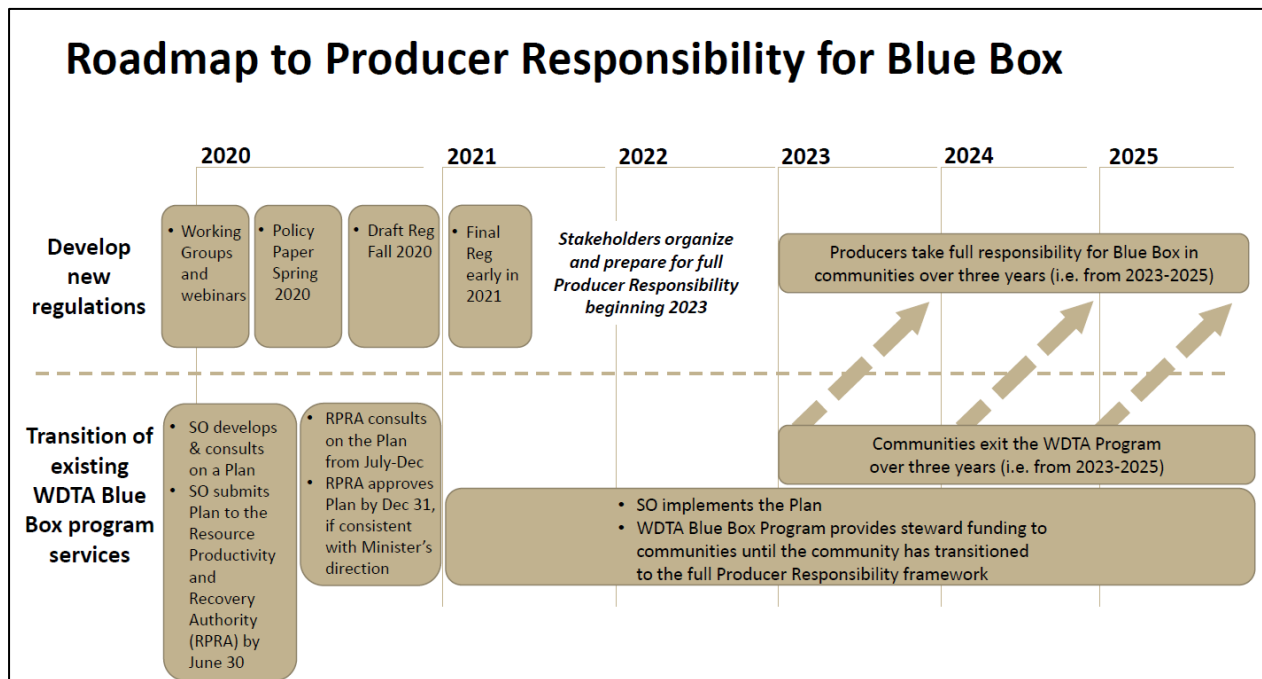


Figure 1 - MECP Webinar Presentation Slide

A policy paper describing the proposed regulation is expected to be published by the Ministry in spring 2020 for review and comment by stakeholders.

To prepare for transition to EPR, an important step for municipalities will be to indicate their preferred transition year (i.e. 2023, 2024, or 2025). There are many considerations and risks that must be factored into the timing decision such as costs, benefits and risk. It is important to note that timing may be decided upon by the producers. The current waste collection contract between the Northern Six municipalities (the Towns of Aurora, East Gwillimbury, Georgina, Newmarket, Whitchurch-Stouffville and the Township of King) and Green for Life Environmental Inc. (GFL) expires December 31, 2025. The

<sup>5</sup> Ministry of the Environment, Conservation and Parks, "Developing Producer Responsibility Regulations for Blue Box: Webinar Presentation", 2019, <https://thecif.ca/wp-content/uploads/2019/11/Blue-Box-Transition-Consultation-Webinar-Nov-27-2019.pdf>



Northern Six municipalities also have the option to extend the term of the contract for two additional one year terms. Staff will be further reporting to Council on the transition in April/May 2020.

## **Conclusion**

Staff have been working collaboratively with the Northern Six municipalities and York Region and will continue to participate in consultations related to the transition of the Blue Box program to full producer responsibility. Staff will report back to Council as more details become known.

## **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**

Staff have been participating in webinars and meetings hosted by the Ministry of Environment, Conservation and Parks and other municipal associations as well as attending meetings with York Region and local municipalities where Blue Box transition was discussed. Staff will continue to be involved in consultations on transition and continue to consult with staff from York Region and local municipal partners throughout the program's transition.

## **Human Resource Considerations**

Not applicable to this report.

## **Budget Impact**

There are no direct financial implications as a result of this report. However, changes to the responsibilities of delivering recycling services will have an impact on future operating and capital budgets for solid waste collection services. At this time, the full details of transition are unknown however, the objective of transitioning the Blue Box program is to move from 50% to 100% of Blue Box program costs to producers. It is difficult to assess the full financial implications of transition until further details become known.

## **Attachments**

Attachment #1 – Special Advisor's Mandate Letter, June 7, 2019

Attachment #2 - Minister's direction letter to Stewardship Ontario, August 15, 2019

Attachment #3 - Minister's direction letter to RPRA, August 15, 2019

## **Contact**

For more information on this report, contact Chris Kalimootoo, Director, Public Works Services, at 905-953-5300, ext. 2551 or by email at [ckalimootoo@newmarket.ca](mailto:ckalimootoo@newmarket.ca).

## **Approval**

Amanda Romano, Waste Program Administrator  
Public Works Services

Chris Kalimootoo, Director,  
Public Works Services

Peter Noehammer, Commissioner,  
Development & Infrastructure Services



Office of the Minister

Bureau du ministre

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Tél. : 416.314.6790

June 7, 2019

Dear Mr. Lindsay,

I would like to express my appreciation to you for agreeing to volunteer to help the people of Ontario and their government tackle the serious problem of plastic pollution, a key commitment in the Made-in-Ontario Environment Plan.

Ontario families take pride in doing their part for the environment. Ontarians are leaders in Canada in reducing greenhouse gas emissions and our own city of Kitchener was the birthplace of the world's first Blue Box program. Knowing this, I was disappointed to learn that, while Ontario families do their part by diligently sorting their recycling, government and industry are failing them.

Today, Ontario's recycling rates have been stalled for 15 years and up to 30% of what is put into blue boxes is sent to landfill. Some of Ontario's plastic litter and waste is being shipped across the ocean to the Philippines and Malaysia. Meanwhile, plastic and other litter is increasingly plaguing our parks, highways, rivers and lakes.

This is unacceptable—both industry and government must do better.

It is for these reasons that I look forward to you providing me with advice on how to improve recycling through the Blue Box Program and better manage plastic pollution.

In addition, I ask that your work be guided by the following public policy objectives:

- Standardization across the province of what can be recycled in offices, parks, public spaces and homes;
- Improve diversion rates and increase what materials can be recycled;
- Reduce litter and waste in communities and parks;
- Improve Ontario's Blue Box program by requiring producers to pay for the recycling of the products they produce, through achieving producer responsibility; and
- Maintain or improve frequency of Blue Box collection.
- When increasing diversion in the residential sector, consider how these policies can also enable diversion in the institutional, commercial and industrial sector.

Your work will consist of two roles: a mediation role where you, as an impartial mediator, will foster discussion and help producers, municipalities and other stakeholders to move closer to or reach agreement on key issues; and an advisory role, where you will provide me with advice on how these issues may be best addressed to ensure Ontario's recycling system is more consistent, reliable and cost-effective for Ontarians.

To assist you in this work, I have also requested a jurisdictional review on how leading jurisdictions are employing innovative technologies to improve recycling efficiency and diversion rates for you to consider.

The current Blue Box Program has been in place since the 1980s and had great early, world-renowned success in recovering residential printed paper and packaging for recycling. In recent years, however, waste diversion rates have stalled in Ontario and been surpassed in other provinces. Meanwhile the costs to operate the program are rising.

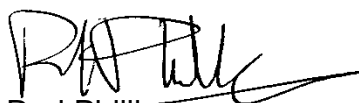
While many countries used to take our recycled material, they are increasingly shutting their doors. In 2018, China launched "National Sword", a policy which bans the importation of many recycled plastics and other materials – including from Ontario. This has resulted in increased recycling costs, increased material being sent to landfill, and more plastic litter and waste in our communities.

Mandating producer responsibility will allow for a province-wide obligation for producers to pay for and manage their materials. It will also allow for a single common list of what can be recycled across the province. This system is a cost-effective and accountable way to promote innovation and to make sure that Ontarians' efforts to recycle are more effective, resulting in increased recycling and diversion rates.

At the conclusion of your work, please provide me with a report that outlines where the parties reached agreement and your recommendation on how to address any outstanding issues by July 20, 2019.

Thank you again for volunteering your time to help government and industry live up to the expectations of Ontarians when it comes to plastic pollution and recycling.

Regards,

A handwritten signature in black ink, appearing to read "Rod Phillips", with a long horizontal flourish extending to the right.

Rod Phillips  
Minister

Ministry of the Environment,  
Conservation and Parks

Office of the Minister

777 Bay Street, 5th Floor  
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Ministère de l'Environnement,  
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Parcs

Bureau du ministre

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August 15, 2019

Mr. John Coyne  
Chair  
Stewardship Ontario  
1 St Clair Ave. West, 7<sup>th</sup> 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,



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

Ministère de l'Environnement,  
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Parcs

Office of the Minister

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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' 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.

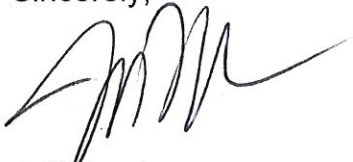
I also expect that the Authority will consult with representatives of municipalities, Indigenous peoples, stewards and other affected parties when assessing SO's proposed plan, as required by subsection 14(14) of the WDTA.

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 long, sweeping horizontal stroke extending to the right.

Jeff Yurek  
Minister

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